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LEGISLATIVE HISTORY

Public Law 470--80th Congress

Chapter 167--2d Session

H. J. Res. 355

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## DIGEST OF PUBLIC LAW 470

DEFICIENCY APPROPRIATION, 1948. Includes an additional amount of \$55,000,000 for interim foreign aid to Austria, France, and Italy, such funds to be available for obligation for the procurement of commodities for a period of 30 days following the date of enactment.

## INDEX AND SUMMARY OF HISTORY ON H. J. RES. 355

January 22, 1948	The Estimates upon which the resolution is based are contained in House Documents 502, 565, and 572.
March 22, 1948	Rep. Taber introduced H. J. Res. 355 which was referred to the House Committee on Appropriations. Committee Print and Print of the measure as introduced.
	House Committee reported H. J. Res. 355 without amendment. House Report 1526. Print of the measure as reported.
	House debated and passed H. J. Res. 355 as reported.
March 23, 1948	H. J. Res. 355 was referred to the Senate Committee on Appropriations. Print of the measure as referred.
March 24, 1948	Hearings: Senate, H. J. Res. 355.
March 25, 1948	Senate Committee reported H. J. Res. 355 without amendment. Senate Report 1025. Print of the measure as reported.
March 29, 1948	Senate debated and passed H. J. Res. 355 as reported.
March 31, 1948	Approved. Public Law 470.







SUPPLEMENTAL ESTIMATES OF APPROPRIATION AND  
CONTRACT AUTHORIZATIONS

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COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

SUPPLEMENTAL ESTIMATES OF APPROPRIATION FOR THE FISCAL  
YEAR 1948 AND PRIOR FISCAL YEARS IN THE AMOUNT OF  
\$1,320,174,315, CONTRACT AUTHORIZATIONS IN THE AMOUNT OF  
\$218,486,000, AND A RESCISSION OF AN APPROPRIATION IN THE  
AMOUNT OF \$150,000,000, TOGETHER WITH CERTAIN PROPOSED  
PROVISIONS AND INCREASES IN LIMITATIONS PERTAINING TO  
EXISTING APPROPRIATIONS

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JANUARY 22, 1948.—Referred to the Committee on Appropriations and ordered  
to be printed

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THE WHITE HOUSE,  
*Washington, January 22, 1948.*

The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: I have the honor to transmit herewith for the consideration of  
the Congress supplemental estimates of appropriation for the fiscal  
year 1948 and prior fiscal years in the amount of \$1,320,174,315, con-  
tract authorizations in the amount of \$218,486,000, and a rescission  
of an appropriation in the amount of \$150,000,000, together with cer-  
tain proposed provisions and increases in limitations pertaining to  
existing appropriations.

The details of the estimates and rescission, the necessity therefor,  
and the reasons for their submission at this time are set forth in the  
letter of the Director of the Bureau of the Budget and the attachment  
thereto, transmitted herewith, in whose comments and observations  
thereon I concur.

Respectfully yours,

HARRY S. TRUMAN.

EXECUTIVE OFFICE OF THE PRESIDENT,  
BUREAU OF THE BUDGET,  
*Washington 25, D. C., January 22, 1948.*

The PRESIDENT,  
*The White House.*

SIR: I have the honor to submit herewith for your consideration supplemental estimates of appropriation and contract authorizations for the fiscal year 1948 and prior fiscal years in the following amounts:

	Appropriations	Contract authorizations
Legislative branch.....	\$205,716	-----
The judiciary.....	100,000	-----
District of Columbia.....	805,044	\$7,271,000
Executive branch.....	1,319,063,555	211,215,000
Total.....	1,320,174,315	218,486,000

In addition, there are submitted certain proposed provisions and increases in limitations pertaining to existing appropriations.

The 1949 Budget took into account the need for these supplemental appropriations for the Executive branch.

There is also proposed a rescission in the appropriation for the fiscal year 1948 for "Finance Service, Army," in the amount of \$150,000,000. This sum was reflected in the schedules of the 1949 Budget as an estimated savings.

Drafts of proposed appropriation and rescission language and the details of the various estimates, together with the reasons for their submission at this time, are set forth in the attachment to this letter.

The estimates submitted by the legislative branch and the judiciary have been included without change, and I make no observations regarding their necessity. The estimates for the Executive branch and the District of Columbia have been carefully reviewed, and I recommend the transmission thereof to the Congress in the amounts specified.

Respectfully yours,

F. J. LAWTON,  
*Acting Director of the Bureau of the Budget.*

## ITEMS INCLUDED IN THE CONSOLIDATED SUPPLEMENTAL ESTIMATE

### LEGISLATIVE BRANCH

Architect of the Capitol: Capitol Buildings and Grounds:	
Capitol Power Plant-----	\$139, 500. 00
Library of Congress:	
Legislative Reference Service: Salaries-----	5, 000. 00
Revision of Annotated Constitution of the United States of America: Salaries and expenses-----	35, 000. 00
Distribution of printed cards: Salaries and expenses-----	26, 216. 00
Government Printing Office: Office of Superintendent of Documents: General expenses-----	Language
Total, legislative branch-----	205, 716. 00

### THE JUDICIARY

Court of Claims: Salaries and expenses-----	Language
Miscellaneous items of expense:	
Salaries of judges-----	75, 000. 00
Fees of jurors-----	25, 000. 00
Total, The Judiciary-----	100, 000. 00

### EXECUTIVE OFFICE OF THE PRESIDENT

Office for Emergency Management: Office of Defense Transportation: Salaries and expenses-----	31, 000. 00
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### INDEPENDENT OFFICES

Atomic Energy Commission: Salaries and expenses (contract authorization)-----	(200, 000, 000. 00)
Commission on Organization of the Executive Branch of the Government: Salaries and expenses-----	1, 188, 600. 00
Federal Mediation and Conciliation Service: Salaries and expenses-----	950, 000. 00
Federal Power Commission: Flood-control surveys-----	35, 000. 00
Federal Security Agency:	
Bureau of Employees' Compensation: Employees' compensation fund-----	3, 300, 000. 00
Howard University: Construction of buildings (contract authorization)-----	(1, 640, 000. 00)
Office of Education: Further development of vocational education-----	1, 583, 942. 00
Office of Vocational Rehabilitation: Payments to States (including Alaska, Hawaii, and Puerto Rico)-----	2, 000, 000. 00
Public Health Service: Grants for hospital construction----	15, 000, 000. 00
Social Security Administration: Grants to States for old-age assistance, aid to dependent children, and aid to the blind-----	101, 000, 000. 00
Office of the Administrator: Penalty mail costs-----	90, 000. 00
Federal Works Agency: Bureau of Community Facilities: Maintenance and operation of schools-----	2, 000, 000. 00
Housing and Home Finance Agency: Federal Housing Administration (administrative expense authorization)-----	(1, 000, 000. 00)
Housing Expediter-----	Language
Philippine War Damage Commission (administrative expense authorization)-----	(275, 000. 00)
United States Maritime Commission:	
Construction fund-----	259, 931. 00
Maritime training-----	Language
War Shipping Administration functions (operating receipt authorization)-----	(603, 000. 00)
War Shipping Administration liquidation-----	Language
Vessel operating functions-----	19, 738, 000. 00
Total, independent offices-----	147, 145, 473. 00



*Items included in the consolidated supplemental estimate—Continued*

## DISTRICT OF COLUMBIA

Compensation and retirement fund expenses: District government employees' compensation-----	\$45,000. 00
Regulatory agencies: Office of Recorder of Deeds-----	33,992. 00
Public schools: Capital outlay (contract authorization)-----	(5,935,000. 00)
Metropolitan Police: Capital outlay (contract authorization)-----	(206,000. 00)
Courts: United States Courts (1947)-----	227,311. 64
Health Department:	
Operating expenses, Health Department (excluding hospitals)-----	3,400. 00
Capital outlay, Gallinger Municipal Hospital-----	54,500. 00
Medical charities:	
1947-----	85,101. 35
1946-----	55,181. 10
Public Welfare:	
Agency services-----	36,000. 00
Capital outlay, District Training School (contract authorization)-----	(165,000. 00)
Saint Elizabeths Hospital-----	250,000. 00
Public Works: Capital outlay, Refuse Division (contract authorization)-----	(965,000. 00)
Settlement of claims and suits-----	2,633. 23
Judgments-----	11,924. 35
Total, District of Columbia (payable from District of Columbia funds)-----	805,043. 67

## DEPARTMENT OF AGRICULTURE

Agricultural Research Administration: Bureau of Entomology and Plant Quarantine:	
Salaries and expenses:	
Insect investigations-----	100,000. 00
Insect and plant disease control-----	203,600. 00
Control of emergency outbreaks of insects and plant diseases-----	442,000. 00
Control of forest pests: Forest Pest Control Act-----	843,000. 00
Forest Service: Salaries and expenses:	
National forest protection and management-----	475,000. 00
Fighting forest fires-----	4,932,000. 00
Federal intermediate credit banks (administrative expense authorization)-----	(27,500. 00)
Total, Department of Agriculture-----	6,995,600. 00

## DEPARTMENT OF COMMERCE

Office of the Secretary: Printing and binding-----	70,000. 00
Civil Aeronautics Administration: Salaries and expenses-----	Language
Coast and Geodetic Survey: Salaries and expenses, field-----	152,000. 00
General provision-----	Language
Total, Department of Commerce-----	222,000. 00



*Items included in the consolidated supplemental estimate—Continued*

## DEPARTMENT OF THE INTERIOR

Office of the Secretary:	
Salaries-----	\$20, 000. 00
Oil and Gas Division-----	65, 000. 00
Contingent expenses, Department of the Interior: Penalty mail costs-----	65, 000. 00
Bonneville Power Administration: Construction, operation, and maintenance, Bonneville power transmission system-----	725, 000. 00
Contract authorization-----	(1,475, 000. 00)
Bureau of Land Management:	
General provision-----	Language
Fire fighting-----	95, 000. 00
Payment to Oklahoma from royalties, oil and gas, south half of Red River (1947)-----	379. 24
Bureau of Indian Affairs:	
Emergency work program, Navajo and Hopi Indians-----	1, 500, 000. 00
Suppressing forest and range fires-----	25, 000. 00
Miscellaneous Indian tribal funds: Suppressing forest and range fires (tribal funds)-----	(25, 000. 00)
Bureau of Reclamation:	
Construction:	
Boise project, Anderson Ranch Dam-----	700, 000. 00
Boise project, Payette Division-----	800, 000. 00
Rathdrum Prairie project, Idaho-----	109, 500. 00
Operation and maintenance:	
Parker Dam power project, Arizona-California-----	726, 000. 00
North Platte project, Nebraska-Wyoming-----	56, 800. 00
Colorado River Dam fund: Boulder Canyon project-----	55, 000. 00
Geological Survey: Gaging streams-----	635, 500. 00
Bureau of Mines:	
Salaries and expenses-----	52, 000. 00
Economies of mineral industries-----	260, 000. 00
National Park Service: Emergency reconstruction and fight- ing forest fires-----	570, 000. 00
Fish and Wildlife Service: Salaries and expenses: Alaska fisheries-----	50, 000. 00
Government in the Territories: Territory of Alaska:	
Insane of Alaska-----	112, 200. 00
Construction and maintenance of roads, bridges, and trails, Alaska-----	7, 370, 000. 00
Contract authorization-----	(4, 000, 000. 00)
Total, Department of the Interior-----	13, 992, 379. 24

## DEPARTMENT OF JUSTICE

Legal activities and general administration:	
Salaries, Tax Division-----	\$18, 000. 00
Printing and binding-----	150, 000. 00
Salaries and expenses, Lands Division (1942)-----	150. 50
Miscellaneous salaries and expenses, field (1945)-----	864. 76
Salaries and expenses of marshals and so forth (1947)-----	155, 000. 00
Federal Prison System: Medical and hospital service-----	43, 000. 00
Federal Prison Industries, Incorporated (administrative ex- pense authorization)-----	(35, 000. 00)
Total, Department of Justice-----	367, 015. 26

## DEPARTMENT OF LABOR

Bureau of Labor Statistics: Salaries and expenses-----	Language
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*Items included in the consolidated supplemental estimate—Continued*

## NATIONAL MILITARY ESTABLISHMENT

## Department of the Army:

## Military functions:

Office of the Secretary of the Army: Penalty mail, military functions.....	\$5, 000, 000. 00
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Quartermaster Corps: Quartermaster service, Army: Clothing and equipage.....	26, 670, 000. 00
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United States Military Academy: Pay of Military Academy: Cadets.....	83, 488. 00
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## Civil functions:

Quartermaster Corps: Cemeterial expenses.....	1, 021, 000. 00
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## Corps of Engineers:

Rivers and Harbors: Maintenance and improvement of existing river and harbor works.....	265, 000. 00
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Flood control, general.....	1, 000, 000. 00
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Penalty mail, civil functions: Penalty mail.....	200, 000. 00
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Government and relief in occupied areas.....	150, 000, 000. 00
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## Department of the Navy—Naval Establishment:

Office of the Secretary: Penalty mail.....	2, 957, 000. 00
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## Bureau of Naval Personnel:

## Training, education, and welfare, Navy:

Naval training station, San Diego, California.....	120, 000. 00
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Naval training station, Great Lakes, Illinois.....	165, 000. 00
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Naval Academy.....	114, 000. 00
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Naval Home, Philadelphia, Pennsylvania.....	9, 100. 00
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Bureau of Yards and Docks: Public works (contract authorization).....	(4, 100, 000. 00)
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Total, National Military Establishment.....	<u>187, 604, 588. 00</u>
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## POST OFFICE DEPARTMENT

## (Out of the Postal Revenues)

## Post Office Department, District of Columbia:

## Contingent expenses, Post Office Department:

Contingent and miscellaneous expenses.....	12, 800. 00
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Printing and binding.....	270, 000. 00
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## Field Service, Post Office Department:

## Office of the First Assistant Postmaster General:

Compensation to postmasters (1947).....	1, 000, 000. 00
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Clerks, first- and second-class post offices.....	34, 600, 000. 00
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Carfare and bicycle allowance.....	175, 000. 00
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City delivery carriers.....	20, 000, 000. 00
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Special-delivery compensation and fees.....	750, 000. 00
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## Office of the Second Assistant Postmaster General:

Star-route service.....	765, 000. 00
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Star-Route and Air Mail Service, Alaska.....	422, 800. 00
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Star-Route and Air Mail Service, Alaska (1947).....	224, 500. 00
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Star-Route and Air Mail Service, Alaska (1946).....	42, 000. 00
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Powerboat service.....	95, 000. 00
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Railroad transportation and mail messenger service.....	59, 920, 000. 00
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Railroad transportation and mail messenger service (1947).....	14, 300, 000. 00
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Railway Mail Service.....	3, 900, 000. 00
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Railway postal clerks, travel allowance.....	200, 000. 00
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Foreign mail transportation.....	14, 600, 000. 00
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## Office of the Third Assistant Postmaster General: Unpaid money orders more than one year old.....

	321, 000. 00
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## Office of the Fourth Assistant Postmaster General:

Post Office stationery, equipment and supplies.....	815, 000. 00
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Equipment shops, Washington, District of Columbia.....	425, 000. 00
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Vehicle service.....	3, 277, 000. 00
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Transportation of equipment and supplies.....	305, 200. 00
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Public buildings, maintenance and operation: Operating supplies, public buildings.....	415, 000. 00
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Total, Post Office Department.....	<u>156, 835, 300. 00</u>
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*Items included in the consolidated supplemental estimate—Continued*

## DEPARTMENT OF STATE

Department Service: Salaries and expenses, Department of State-----	Language
The Institute of Inter-American Affairs-----	\$3, 848, 500. 00
General provision-----	Language

## TREASURY DEPARTMENT

Fiscal Service: Bureau of the Public Debt: Distinctive paper for United States currency-----	361, 000. 00
Bureau of Internal Revenue: Refunding internal-revenue collections-----	800, 000, 000. 00
Bureau of Engraving and Printing: Salaries and expenses---	1, 650, 000. 00
Secret Service Division: Reimbursement to District of Columbia, benefit payments to White House Police and Secret Service forces-----	10, 700. 00
Total, Treasury Department-----	802, 021, 700. 00
Fiscal year 1948-----	1, 304, 083, 826. 58
Fiscal year 1947 and prior fiscal years-----	16, 090, 488. 59
Total supplemental estimates-----	1, 320, 174, 315. 17
Total contract authorizations-----	(218, 486, 000. 00)

## TITLE II—REDUCTION IN APPROPRIATION

Department of the Army—Military functions: Finance Department: Finance service, Army-----	150, 000, 000
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## TITLE III—GENERAL PROVISION

Sec. 301-----	Language
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DETAIL OF SUPPLEMENTAL APPROPRIATION ESTIMATES  
FOR FISCAL YEAR 1948 AND PRIOR FISCAL YEARS

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, to supply supplemental appropriations for the fiscal year ending June 30, 1948, and for other purposes, namely:*

## LEGISLATIVE BRANCH

## ARCHITECT OF THE CAPITOL

## CAPITOL BUILDINGS AND GROUNDS

Capitol Power Plant: For an additional amount for "Capitol Power Plant," \$139,500.

## LIBRARY OF CONGRESS

## LEGISLATIVE REFERENCE SERVICE

Salaries: For an additional amount for "Salaries," \$5,000; and the limitation under this head in the Legislative Branch Appropriation Act, 1948, for preparation and reproduction of copies of the Digest of General Public Bills, is increased from "\$25,000" to "\$30,000".

REVISION OF ANNOTATED CONSTITUTION OF THE UNITED STATES OF  
AMERICA

Salaries and expenses: To enable the Librarian of Congress to employ competent persons to revise and to extend the Annotated Constitution of the United States of America, including supplies and materials; not to exceed \$500 for travel; and not to exceed \$5,000 for employees engaged in piecework and work by the day or hour at rates to be fixed by the Librarian; \$35,000, to remain available until expended.

DISTRIBUTION OF PRINTED CARDS

Salaries and expenses: For an additional amount for "Salaries and expenses" for the distribution of printed cards and other publications of the Library, \$26,216.

GOVERNMENT PRINTING OFFICE

OFFICE OF SUPERINTENDENT OF DOCUMENTS

General expenses: Surplus funds accumulated during the fiscal year 1948 through the operation of the working capital of the Government Printing Office (Public Printing and Binding, Government Printing Office, 1948) are hereby made available for the transfer of \$650,000 to the appropriation "General expenses, Office of the Superintendent of Documents, 1948" including the objects and subject to the conditions set forth under this head in the Legislative Branch Appropriation Act, 1948.

THE JUDICIARY

COURT OF CLAIMS

Salaries and expenses: The appropriation under this head in the Judiciary Appropriation Act, 1948, is hereby made available in an amount not to exceed \$25,000, as may be necessary and approved by the Chief Justice, Court of Claims, for transfer to the appropriation "Repairs and improvements" for expenditure by the Architect of the Capitol for structural changes, alterations, and installations of fixtures in the Court of Claims buildings, necessary for the accommodations of the Court.

This proposed provision is desired in order to permit the Court of Claims to alter its present buildings to provide additional space for present and anticipated additional personnel of the court. The appropriation for salaries and expenses includes funds for the payment of rent, and it is the wish of the court to use this money for payment of most of the costs of making alterations which will obviate the necessity of paying rent. In order to accomplish the proposed alterations as quickly as possible, the court wishes to obtain this proposed transfer of funds by amendment to the 1948 appropriation, rather than postponing the work until the 1949 appropriation is available.

The 1949 Budget, already transmitted to the Congress, includes a total of \$43,500 for the court which it is understood will not be required if this proposed provision is approved. This amount consists of \$18,500 for rent, included in the estimate for "Salaries and expenses," and \$25,000 for alterations and improvements, included in the estimate for "Repairs and improvements." It is recommended that the Congress eliminate these amounts from the appropriations for 1949.



## MISCELLANEOUS ITEMS OF EXPENSE

Salaries of judges: For an additional amount for "Salaries of judges," \$75,000.

This additional amount is required for salaries of circuit, district, and retired judges payable during the current year. The estimate upon which the present appropriation of \$4,515,000 was based provided for an average of 257.5 active judges and 42 retired judges. At the beginning of January 1948, however, all 260 active judgeships were filled and there were 46 retired judges. It therefore appears that funds presently available will be inadequate, and that the supplementary amount indicated should be appropriated.

Fees of jurors: For an additional amount for "Fees of jurors," \$25,000.

This additional amount is required for the payment of jurors' fees and mileage during the fiscal year 1948, for which \$1,400,000 has been appropriated. During the fiscal year 1947 these costs amounted to \$1,408,319. Since the trend is toward the more frequent use of jurors, it appears that these costs in 1948 will be greater than in 1947. The foregoing supplementary amount is therefore requested.

## EXECUTIVE OFFICE OF THE PRESIDENT

## OFFICE FOR EMERGENCY MANAGEMENT

## OFFICE OF DEFENSE TRANSPORTATION

Salaries and expenses: For an additional amount for "Salaries and expenses," \$31,000; and the limitation on traveling expenses under this head in The Supplemental Appropriation Act, 1948, is increased from "\$50,000" to "\$60,000".

Public Law 395, Eightieth Congress, authorizes the continuation, until February 28, 1949, of powers to allocate rail transportation and equipment. Authority vested in the President by the same statute to approve agreements among affected interests for allocation of transportation facilities and equipment was delegated to the Office of Defense Transportation by Executive Order 9919 dated January 3, 1948. This estimate is to provide the additional funds needed by the Office of Defense Transportation to continue operations from March 1 until June 30, 1948, and to assume the functions delegated by Executive Order 9919. An estimate for fiscal year 1949 requirements is being submitted separately.

## INDEPENDENT OFFICES

## ATOMIC ENERGY COMMISSION

Salaries and expenses: The authorization under this head in the Independent Offices Appropriation Act, 1948, to enter into contracts for the purposes of the appropriation therein made, is hereby increased from "\$250,000,000" to "\$450,000,000": *Provided*, That the limitations on travel expenses and purchase of newspapers and periodicals imposed by sections 105 and 106 of said Act, respectively, shall not apply to the appropriation under this head: *Provided further*, That the proviso under this head in said Act, limiting the salaries of certain officers or employees, shall not be effective after February 29, 1948.

The additional authority to contract is necessitated principally to meet previously unforeseen program requirements involving major construction projects. While no additional cash appropriation is needed by the Atomic Energy Commission for the remainder of fiscal year 1948, this acceleration and expansion of program requires an additional \$200,000,000 in contract authority prior to the end of the current fiscal year.

The proposed language making inapplicable the provisions of sections 105 and 106 of the Independent Offices Appropriation Act, 1948, is needed to permit the Commission to meet necessary travel costs not anticipated earlier, including travel of personnel of the armed services in connection with tests to be conducted in the Pacific area, and to secure nontechnical newspapers and periodicals required in carrying out the security responsibilities of the Atomic Energy Commission. The Commission considers essential the removal of the salary limitation imposed by the Independent Offices Appropriation Act, 1948, such discontinuance to be effective February 29, 1948, to enable it to staff a limited number of key positions with experienced and fully qualified persons.

#### COMMISSION ON ORGANIZATION OF THE EXECUTIVE BRANCH OF THE GOVERNMENT

Salaries and expenses: For salaries and expenses of the Commission on Organization of the Executive Branch of the Government, \$1,188,600: *Provided*, That the appropriation of \$750,000 under this head in the Second Supplemental Appropriation Act, 1948, is hereby consolidated with and made a part of this appropriation, the total thereof to be disbursed and accounted for as one fund which shall remain available during the existence of the Commission for expenses necessary to carry out the Act of July 7, 1947 (Public Law 162), as amended by the Act of December 19, 1947 (Public Law 391), including travel expenses; printing and binding; and deposits in the Treasury for penalty mail (39 U. S. C. 321d).

The above estimate of appropriation is required to permit the Commission on Organization of the Executive Branch of the Government to undertake additional studies and investigations in order to fully carry out the requirements of the act of July 7, 1947 (Public Law 162).

#### FEDERAL MEDIATION AND CONCILIATION SERVICE

Salaries and expenses: For an additional amount for "Salaries and expenses," including attendance at meetings concerned with labor and industrial relations; services as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a); and payment of claims pursuant to section 403 of the Federal Tort Claims Act (28 U. S. C. 921); \$950,000.

The Federal Mediation and Conciliation Service was created as an independent agency, effective August 22, 1947, by the Labor-Management Relations Act, 1947 (Public Law 101, act of June 23, 1947). Recognizing the difficulty of estimating the needs of the new Service, the Congress made available interim appropriations containing special language to authorize the apportionment of the entire amounts for obligation prior to February 15, 1948.

The initial appropriation of \$1,320,000 for salaries and expenses is expected to be exhausted about March 1, 1948. This supplemental estimate of appropriation is to provide for the operation of the Service for the remainder of the fiscal year 1948. The estimate has been

computed on the basis of the responsibilities of the Service and the anticipated volume of work.

The proposed language changes are designed to relieve the agency of possible hampering restrictions on attendance at meetings concerned with labor and industrial relations, to provide for utilization of contract reporting services, etc., as authorized by section 15, Public Law 600, August 2, 1946 (5 U. S. C. 55a), and to provide for payment of claims pursuant to the Federal Tort Claims Act (28 U. S. C. 921).

#### FEDERAL POWER COMMISSION

Flood-control surveys: For an additional amount for "Flood-control surveys," \$35,000, and the limitation under this head in the Independent Offices Appropriation Act, 1948, on the amount which may be expended for personal services in the District of Columbia, is increased from "\$114,900" to "\$126,900".

These additional funds are required in fiscal year 1948 to permit the Federal Power Commission to keep its river basin survey work current with the expanded water resource development programs of the Corps of Engineers and the Bureau of Reclamation. The Federal Power Commission has the responsibility under law for providing certain survey and project planning data for the improvements coming within these programs. The construction work of the Corps of Engineers and the Bureau of Reclamation has been substantially expanded as a result of increased appropriations for 1948, and this estimate is to provide the funds for the corresponding increasing demands on the Federal Power Commission.

#### FEDERAL SECURITY AGENCY

##### BUREAU OF EMPLOYEES' COMPENSATION

Employees' compensation fund: For an additional amount for "Employees' compensation fund," \$3,300,000.

Congress appropriated \$10,250,000 in the Labor-Federal Security Appropriation Act, 1948, for payment of compensation benefits as provided in the Employees' Compensation Act of 1916, and war-risk benefits and wage accrual payments as provided in the act of December 2, 1942, as amended. The experience of the agency through December 31, 1947, indicates that increased average awards due to higher wage levels, increased cumulative numbers of permanent disability cases, and increased medical costs have placed a heavy burden on the fund. It is estimated that the total requirements under the fund will amount to \$13,550,000, or an additional \$3,300,000 to meet payments which become mandatory once claims are adjudicated.

#### HOWARD UNIVERSITY

Construction of buildings: In addition to the appropriation of \$1,377,920 contained in the Federal Security Agency Appropriation Act, 1947, for the construction of an engineering building and women's dormitory units on the grounds of Howard University, the Public Buildings Administration is authorized to enter into contracts for the purposes of said appropriation in an amount not to exceed \$1,640,000: *Provided*, That no contract shall be entered into for such purposes which will result in a total cost to the Federal Government for completion of such buildings in excess of \$1,707,520 for the engineering building and \$1,310,400 for the women's dormitory units: *Provided further*, That transfers of funds may be made to the Public Buildings Administration, Federal Works Agency, of amounts appropriated for construction of these buildings.



The Federal Security Agency Appropriation Act of 1947 made \$1,377,920 available for construction of an engineering building and two women's dormitory units at Howard University. However, rising building costs made it impossible to proceed with this construction. The latest estimated cost of these buildings as prepared by Public Buildings Administration is \$3,017,920.

The supplemental contract authorization of \$1,640,000 is requested in the fiscal year 1948 so that work may be begun at once on these buildings. Plans and specifications have been completed, but bids for construction have not been solicited. Contracts can be entered into promptly after authorization has been made.

#### OFFICE OF EDUCATION

Further development of vocational education: For an additional amount for "Further development of vocational education," \$1,583,942.

Additional funds are required to comply with the requirements of the act of July 8, 1947, Public Law 165, which appropriated \$17,750,000 for further development of vocational education but required apportionment to be made to the States on a basis of not to exceed \$19,842,759.97. Funds were apportioned on the basis of this figure but the unexpended balance in the States on June 30, 1947, was \$508,817 which reduced the total funds needed to \$19,333,942.

#### OFFICE OF VOCATIONAL REHABILITATION

Payments to States (including Alaska, Hawaii, and Puerto Rico): For an additional amount for payments to States in accordance with the Vocational Rehabilitation Act, as amended (29 U. S. C. ch. 4), \$2,000,000.

This estimate is to provide for additional payments to States for vocational rehabilitation for 1948 and results from rising costs of services and appliances purchased for clients; unanticipated State salary increases already authorized, including cost-of-living bonuses over which the Federal Government has no control; increased cost of travel due to more liberal allowances under State regulations, and audit adjustments in favor of the States. These increases have occurred since the regular submittal of the 1948 estimates and are obligations against the Federal Government under the terms of the Vocational Rehabilitation Act, as amended. In accordance with this act the Federal Government pays 100 percent of the costs of administration of State programs and 50 percent of the costs of case services purchased.

#### PUBLIC HEALTH SERVICE

Grants for hospital construction: For liquidation of contractual obligations authorized to be incurred during the fiscal year 1948 or any subsequent fiscal year for construction grants under part C, title VI, of the Public Health Service Act, as amended (42 U. S. C. 291-291m), \$15,000,000, to remain available until expended.

This estimate provides \$15,000,000 for the liquidation of obligations incurred under contract authorization approved in the appropriation act for fiscal year 1948. It is anticipated that during fiscal year 1948 the Federal share of approved hospital construction projects will total approximately \$50,000,000, with Federal payments estimated at \$15,000,000.



## SOCIAL SECURITY ADMINISTRATION

Grants to States for old-age assistance, aid to dependent children, and aid to the blind: For an additional amount for "Grants to States for old-age assistance, aid to dependent children, and aid to the blind," \$101,000,000.

At the time of submission of the 1948 Budget, the 1946 amendments to the Social Security Act were scheduled to expire on December 31, 1947. The appropriation was based on that expiration date and on the assumption that the Federal matching provisions would revert to their former status during the second half of the year. Public Law 379, approved August 6, 1947, extended the life of the amendments to June 30, 1950. The need for the additional \$101,000,000 is due almost entirely to the extension of the 1946 amendments through the rest of the fiscal year.

## OFFICE OF THE ADMINISTRATOR

Penalty mail costs: For an additional amount for "Penalty mail costs," \$90,000.

There was appropriated for 1948 the sum of \$500,000 to cover the costs of penalty mail for the Federal Security Agency. The increase in the wage record, claims, and beneficiary loads of the Bureau of Old-Age and Survivors Insurance and the expanded Public Health Service program authorized by the Congress have resulted in additional mailing requirements for these agencies. The amount appropriated for penalty mail costs by the Congress falls short of meeting these requirements by \$90,000.

## FEDERAL WORKS AGENCY

## BUREAU OF COMMUNITY FACILITIES

Maintenance and operation of schools: For an additional amount for "Maintenance and operation of schools," \$2,000,000; and the limitation under this head in the Second Supplemental Appropriation Act, 1948, on the amount available for administrative expenses, is increased from "\$50,000" to "\$100,000".

The act of August 1, 1947 (Public Law 317), authorizes for the fiscal year 1948 an appropriation of \$5,000,000 for Federal contributions to certain schools overburdened with war-incurred enrollments. In the Second Supplemental Appropriation Act, 1948, an appropriation of \$2,500,000 was approved.

As the result of a survey recently completed, it is now known that the amount of assistance needed by the designated schools will exceed the present appropriation. It is estimated that supplemental funds in the amount of \$2,000,000 will be required.

## HOUSING AND HOME FINANCE AGENCY

## FEDERAL HOUSING ADMINISTRATION

Federal Housing Administration: The amount made available under this head in The Government Corporations Appropriation Act, 1948, for administrative expenses of the Federal Housing Administration, is increased from "\$20,000,000" to "\$21,000,000", the additional amount to be derived from the sources specified under said head.

The proposed increase in the limitation on administrative expenses of the Federal Housing Administration during fiscal year 1948 is to provide for additional mortgage insurance work load resulting from enactment of Public Law 394, approved December 27, 1947. This act increased by \$750,000,000 the authorization to insure veterans' emergency housing under title VI of the National Housing Act. Provision for these requirements cannot be deferred until fiscal year 1949, since applications for the additional insurance will be filed prior to expiration of title VI on March 31, 1948, and should, in the interest of maximum production of housing, be processed promptly. These additional requirements were omitted from the 1948 Budget because, at the time of its preparation, the emergency program under title VI was scheduled for termination June 30, 1947, and its extension beyond that date and subsequent increases in the title VI insurance authorization, were not foreseen.

#### HOUSING EXPEDITER

The appropriations under the head "Salaries and expenses, Office of the Housing Expediter," in The Government Corporations Appropriation Act, 1948, and under the head "Salaries and expenses, Office of Rent Control," in The Supplemental Appropriation Act, 1948, shall be available for health service programs as authorized by law (5 U. S. C. 150).

Although funds for payment to the United States Public Health Service for services rendered in the maintenance of health service programs for employees were included in appropriations for the Housing Expediter for the fiscal year 1948, absence of specific authorizing language has prevented the use of the funds for these purposes. Omission of specific authorizing language was entirely inadvertent and the above amendment will correct this error.

#### PHILIPPINE WAR DAMAGE COMMISSION

Philippine War Damage Commission: The limitation under this head in the Independent Offices Appropriation Act, 1948, on the amount available for necessary expenses of the Philippine War Damage Commission, is increased from "\$1,900,000" to "\$2,175,000".

Operating experience which was not available at the time appropriation estimates for the fiscal year 1948 were submitted, indicates that an increase of \$275,000 in the limitation on funds available for administrative expenses of the Philippine War Damage Commission for the fiscal year 1948 is required. This increase will provide for additional personnel and other administrative expenses for the processing of claims at a rate necessary to complete the objectives of title I of the Philippine Rehabilitation Act of 1946 by the termination date of April 30, 1951.

#### UNITED STATES MARITIME COMMISSION

Construction fund: For an additional amount for the construction fund established by the Merchant Marine Act, 1936, for administrative personal services, \$259,931, and the limitation in the Independent Offices Appropriation Act, 1948, on obligations against the construction fund for such services is increased from "\$8,000,000" to "\$8,259,931", and the limitation in said Act on expenditures from said fund is increased from "\$208,206,774" to "\$208,466,705".

This estimate is to provide for the immediate employment of (1) 180 additional persons to clear up accounting backlogs necessary for the recovery of approximately \$30 million and (2) 300 additional persons to process vessel inventory backlogs which will permit the billing of approximately \$37 million due the Government. In order to assure maximum recovery, it is essential that this work be done promptly. Staff to complete these projects is included in the 1949 Budget.

The accounting backlog relates to the \$14.5 billion war construction program of the United States Maritime Commission and to the \$11 billion vessel operating program of the former War Shipping Administration. The estimate would implement a recommendation made by the Maritime Commission-General Accounting Office Joint Accounting Committee, completed too late for inclusion as an amendment to the 1948 Budget.

Approximately 4,300 vessel inventories and 1,100 overage and shortage statements remain for pricing and billing. This work, which in some cases extends as far back as 1943, should be on a current basis by the end of fiscal year 1949.

Maritime training: The limitation under this head in the Independent Offices Appropriation Act, 1948, on administrative expenses, is increased from "\$250,000" to "\$300,000", and the limitation under said head on transfers to appropriations of the Public Health Service is increased from "\$64,000" to "\$82,900".

These increases in limitations are required to maintain an adequate headquarters administrative staff and adequate medical care for trainees under the program provided for in the Independent Offices Appropriation Act, 1948. This act provided for the operation of five schools instead of the two contemplated in the 1948 Budget. The act, however, did not increase the limitations upon the amounts available for administrative expenses or for transfer to the Public Health Service. The recommended increases in limitations can be financed through savings anticipated in the operating program, as indicated by the current obligational rate.

War Shipping Administration functions: The sum of \$4,650,000 of the operating receipts made available by the Second Supplemental Appropriation Act, 1948, for salaries and general administrative expenses, shall be available until June 30, 1948, for carrying out the functions extended by the Act of \_\_\_\_\_, 1948 (Public Law \_\_\_\_\_): *Provided*, That the limitation under the head "United States Maritime Commission" in the Second Supplemental Appropriation Act, 1948, on the use of operating receipts for "Cost of placing vessels into reserve fleet," is increased from "\$5,500,000" to "\$6,103,000".

On December 1, 1947, the President sent a special message to Congress requesting that authority of the Maritime Commission to sell, charter, and operate vessels be extended from March 1, 1948, to June 30, 1949 (House Document 468).

The recommended draft of language for administrative expenses will permit the Commission to continue the employment of personnel now engaged in vessel charter, sales, and operating activities from March 1 through June 30, 1948.

Chartered vessels may be turned back to the Government upon a 15-day notice by the charterer. In order to avoid expensive port charges it is desirable to place returning vessels in reserve fleets



promptly. The limitation upon this item of expense for the period July 1, 1947, to February 29, 1948, is proving to be inadequate due to a larger turn-over of vessels than had been anticipated. It is therefore necessary to increase this limitation by \$603,000, the increase to be met by savings in other limitations rather than by new appropriation.

War Shipping Administration liquidation: The appropriation to the Secretary of the Treasury in the Second Supplemental Appropriation Act, 1948, for liquidation of obligations found by the General Accounting Office to have been properly incurred against funds of the War Shipping Administration prior to January 1, 1947, is hereby continued available until June 30, 1948: *Provided*, That hereafter all moneys accruing to the United States Maritime Commission from operations under the War Shipping Administration revolving fund prior to September 1, 1946 (including all moneys received from agent operators), shall be covered into the Treasury as miscellaneous receipts.

The liquidation of obligations of the former War Shipping Administration (estimated to total \$307,177,031) is proceeding more slowly than anticipated when the availability of funds for this purpose was limited to March 31, 1948. In addition to vouchers, numerous claims are outstanding, many of them subject to litigation. It is necessary, therefore, to make provision for this Government liability beyond March 31, 1948. A similar provision, extending availability of this indefinite appropriation through the fiscal year 1949, has been included in the 1949 Budget.

Vessel operating functions: For expenses (other than administrative expenses) necessary for carrying out the operating functions transferred to the United States Maritime Commission by section 202 of the Naval Appropriation Act, 1947 (60 Stat. 501), during the period March 1 to June 30, 1948, \$19,738,000: *Provided*, That receipts from such functions earned during said period shall be deposited in the Treasury as miscellaneous receipts.

The 1948 appropriation for this purpose is available only until March 1, 1948, the date authorization for the sale, charter, and operation of vessels terminates under present law. On December 1, 1947, however, the President sent a special message to Congress recommending that these powers be extended to June 30, 1949 (House Document 468). This estimate is necessary to provide for sales, charter, and operating activities from March 1 through June 30, 1948. It provides the total amount required for these activities rather than continuing the availability of the operating receipts. With completion of the sale of tank vessels now operated by the Commission, these receipts will be so small that continuation of the present method of financing, with its attendant accounting problems, appears no longer warranted. On March 1, 1948, it is anticipated that the Government will have completely terminated its wartime program of operating vessels for Government account through agents, with the exception of the operation of 10 passenger vessels which it has been unable either to sell or to charter.

## DISTRICT OF COLUMBIA

### COMPENSATION AND RETIREMENT FUND EXPENSES

District government employees' compensation: For an additional amount for "District government employees' compensation," \$45,000.

## REGULATORY AGENCIES

Office of Recorder of Deeds: For an additional amount for "Office of Recorder of Deeds," \$33,992.

## PUBLIC SCHOOLS

Capital outlay: The Commissioners of the District of Columbia are authorized to enter into contract or contracts for construction of the following school buildings or additions to school buildings at a total cost in each case of not to exceed the specified amounts, namely:

Beers Elementary School addition, \$577,000;  
 Central High School alterations and additions, \$71,000;  
 Crummell Elementary School addition, \$136,000;  
 Montgomery Elementary School, \$708,000;  
 Nalle Elementary School, \$882,000;  
 Sousa Junior High School, \$2,240,000;  
 Taft Junior High School addition, \$961,000;  
 Young Elementary School addition, \$360,000;

and transfers may be made within the fund "Capital outlay, construction, public schools, District of Columbia," between projects without reference to the established limitations of cost, except that the cost limitation for no one project may thereby be increased by more than 10 percent.

## METROPOLITAN POLICE

Capital outlay, Metropolitan Police: The Commissioners of the District of Columbia are authorized to enter into contract or contracts for construction of a police precinct station house in square 5083 at a total cost of not to exceed \$206,000.

## COURTS

United States courts: For an additional amount, fiscal year 1947, for "United States Courts," \$227,311.64.

## HEALTH DEPARTMENT

Operating expenses, Health Department (excluding hospitals): For an additional amount for "Operating expenses, Health Department (excluding hospitals)," \$3,400, including enforcement of the Act relating to the licensing of undertakers.

Capital outlay, Gallinger Municipal Hospital: For the construction of three elevators and for revision of heating system for the psychiatric unit, \$54,500, to remain available until June 30, 1949.

Medical charities: For an additional amount, fiscal year 1947, for care and treatment of indigent patients under contracts made by the Health Officer of the District of Columbia and approved by the Commissioners with institutions, as follows: Children's Hospital, \$36,923; Central Dispensary and Emergency Hospital, \$23,845.30; Eastern Dispensary and Casualty Hospital, \$24,333.05; in all, \$85,101.35.

Medical charities: For an additional amount, fiscal year 1946, for care and treatment of indigent patients under contracts made by the Health Officer of the District of Columbia and approved by the Commissioners with institutions, as follows: Children's Hospital, \$27,218; Central Dispensary and Emergency Hospital, \$11,203.40; Eastern Dispensary and Casualty Hospital, \$16,759.70; in all, \$55,181.10.

## PUBLIC WELFARE

Agency services: For an additional amount for "Agency services," \$36,000; and the limitation for carrying out a "penny milk" program for the school children of the District of Columbia is increased from "\$62,000" to "98,000".

Capital outlay, District Training School: The Commissioners of the District of Columbia are authorized to enter into contract or contracts for the construction and equipment of a laundry building for the District Training School at a total cost of not to exceed \$165,000.

Saint Elizabeths Hospital: For an additional amount for "Saint Elizabeths Hospital," \$250,000.

## PUBLIC WORKS

Capital outlay, Refuse Division: The Commissioners of the District of Columbia are authorized to enter into contract or contracts for the construction of a refuse transfer station in square 739 at a total cost of not to exceed \$965,000.

## SETTLEMENT OF CLAIMS AND SUITS

For the payment of claims in excess of \$250, approved by the Commissioners in accordance with the provisions of the Act of February 11, 1929, as amended (46 Stat. 500), \$2,633.23.

## JUDGMENTS

For the payment of final judgments, rendered against the District of Columbia, as set forth in House Document No.—, together with such further sum as may be necessary to pay the interest at not exceeding 4 per centum per annum on such judgments, as provided by law, from the date the same became due until the date of payment, \$11,924.35.

	Amount of judgment	Costs	Total
Edwin E. Elliott.....	\$6,000.00	\$85.00	\$6,085.00
Thomas C. Collier.....		111.00	111.00
Catholic Home for Aged Ladies, Inc.....		97.80	97.80
Paul Cooke.....		151.55	151.55
Elizabeth M. Rogers.....	5,000.00	79.00	5,079.00
Elsie Cornell.....	400.00		400.00
Total.....	11,400.00	524.35	11,924.35

## DIVISION OF EXPENSES

The sums appropriated in this Act for the District of Columbia shall, unless otherwise specifically provided, be paid out of the general fund of the District of Columbia, as defined in the District of Columbia Appropriation Act, 1948.

The Commissioners of the District of Columbia have submitted the above estimates of appropriation and proposed contract authorizations to the Bureau of the Budget with the statement that such amounts are required to meet contingencies which have arisen since the transmission of the Budget for the fiscal years involved.

The estimated revenues and other funds available to the District of Columbia appear to be sufficient for the current fiscal year to provide for the expenditures herein proposed.



## DEPARTMENT OF AGRICULTURE

## AGRICULTURAL RESEARCH ADMINISTRATION

## BUREAU OF ENTOMOLOGY AND PLANT QUARANTINE

## Salaries and Expenses

Insect investigations: For an additional amount for "Insect investigations," to provide for investigations in Mexico, including testing of methods that may be used for the control of citrus blackfly, \$100,000, to remain available until June 30, 1949.

It is now well established that the blackfly of citrus is spreading and increasing in intensity in Mexico and that infestations occur not far from the citrus-producing areas of Texas, Arizona, and California. Furthermore, the insect is not being held in check by the parasite which has been colonized in the infested area or by the regulatory and control measures that are being carried out in Mexico. Should this insect become established within the United States, it would result in a materially increased cost for pest control in the growing of the citrus crop.

Because of its rapid spread and the importance of taking full advantage of what is known of the seasonal development of the pest, it is highly important that spray tests be inaugurated during the dry season, which normally continues until May, and that necessary operations be carried on throughout the fiscal year 1949 to assure full effectiveness of the funds.

Insect and plant disease control: For an additional amount for "Insect and plant disease control," \$203,600.

In 1947, pink bollworm of cotton spread into 42 additional counties in Texas, 1 additional county in New Mexico, and into Oklahoma for the first time, resulting in 8 counties in southwestern Oklahoma being placed under quarantine. This spread made it necessary to place 402 additional gins and 14 oil mills under regulations in Texas, 2 gins in New Mexico, and 163 gins and 13 oil mills in Oklahoma, representing about a 90-percent increase in processing plants under pink bollworm regulations over the number on September 1, 1947. In addition, it is necessary to make early inspections of fields in southern Texas and adjacent areas of Mexico and apply DDT insecticides late in the present fiscal year as conditions of infestation develop, since it was recognized last season that certain areas were becoming heavily infested on both sides of the border.

To protect the previously existing quarantine area requires an allocation from appropriated funds of \$724,000, and it is estimated that an additional \$203,600 will be necessary to expand the program of control to include the new areas of infestation.

## Control of Emergency Outbreaks of Insects and Plant Diseases

Control of emergency outbreaks of insects and plant diseases: For an additional amount for "Control of emergency outbreaks of insects and plant diseases," \$442,000.

The 1948 appropriation act provided \$2,050,000 for control of emergency outbreaks of insects and plant diseases, of which the Department allocated \$671,000 for control of grasshoppers and Mor-

mon crickets. This sum is sufficient to take care of a normal infestation. Surveys just completed by the Department, however, indicate a potential grasshopper population in 1948 substantially in excess of any that has developed since 1939, and demonstrate the need for an additional appropriation for the current year to combat these pests. Under the coordinated program of control, the State and local agencies, including property owners, contribute fully 50 percent of the cost.

#### CONTROL OF FOREST PESTS

Forest Pest Control Act: For expenses necessary to carry out the Forest Pest Control Act of July 25, 1947 (Public Law 110), \$843,000, to remain available until December 31, 1948.

Recent surveys by the Department of Agriculture reveal that it is confronted with several serious forest tree insect epidemics on the national forests, one of which extends into an adjacent national park. These epidemics, caused by bark beetles in the West and defoliators in the Lake States (Michigan, Wisconsin, and Illinois), are resulting in serious tree losses.

The plan of control for bark beetles is to treat the infested trees as early in the spring of 1948 as conditions will permit, prior to the emergence of the beetles and the attack on additional trees. This control work will require \$803,000 of the total amount requested. The plan of control for the defoliating insects in the Lake States will consist principally of aerial spraying with DDT during the summer and fall, after the insects have hatched and have started feeding, and will require the remainder, \$40,000.

#### FOREST SERVICE

##### SALARIES AND EXPENSES

National forest protection and management: For an additional amount for "National forest protection and management," \$475,000.

The 1948 appropriation provided for a timber sales program involving the production of 3.5 billion board feet of lumber. Sufficient progress has been made toward this goal to not only assure its attainment but to permit it to be exceeded by an additional 400 million board feet provided additional administrative funds are made available. To handle this additional production would require an increase of \$475,000, but this expenditure would increase gross revenues by an estimated \$2,000,000. The demand for national-forest timber continues unabated, and these additional funds will contribute to the general supply of forest products, to the harvest of deteriorating timber, to better growing conditions in the forests, and to an increase in Federal revenues.

Fighting forest fires: For an additional amount for "Fighting forest fires," \$4,932,000.

Because of the impossibility of determining definitely in advance the amount of funds required during any fiscal year for fighting and preventing fires in the national forests, the annual appropriation act for the Department of Agriculture for a number of years past has provided the nominal sum of \$100,000 for this purpose. The practice has been to supplement this sum to the extent actually required by the temporary use of funds appropriated for general expense purposes of the Forest Service. After the close of the fire season each year,



it has been the custom of the Department to submit estimates, and of Congress to appropriate, the funds needed to reimburse these general expense appropriations. The purpose of this supplemental estimate of appropriation is to provide similar reimbursement for expenditures actually incurred by the Forest Service since July 1, 1947, and to provide for estimated expenditures during the remainder of the fiscal year 1948.

#### FEDERAL INTERMEDIATE CREDIT BANKS

Federal Intermediate Credit Banks: The amount made available under this head in the Government Corporations Appropriation Act, 1948, for administrative expenses of the Federal Intermediate Credit Banks, is increased from \$1,250,000 to \$1,277,500, the additional amount to be derived from the sources specified under said head.

This supplemental estimate, to increase the administrative expense limitation of the Federal Intermediate Credit Banks, is required in order to reimburse the General Accounting Office for auditing the financial transactions of the banks for the fiscal years 1945, 1946, and 1947, in accordance with the George Act (59 Stat. 5) and the Government Corporation Control Act (59 Stat. 597). The requested administrative expense limitation in the 1948 Budget did not cover these audit costs, since it was originally considered that the reimbursement to the General Accounting Office would not be classified as administrative expenses in which case the corporation could have made the expenditure from the banks' funds without congressional authorization.

#### DEPARTMENT OF COMMERCE

##### OFFICE OF THE SECRETARY

Printing and binding: For an additional amount for "Printing and binding," \$70,000.

As a result of unforeseen increases in printing prices which have gone into effect during the fiscal year 1948, the current appropriation is insufficient to meet the essential printing and binding requirements of the Department.

##### CIVIL AERONAUTICS ADMINISTRATION

Salaries and expenses: The appropriation under this head in the Department of Commerce Appropriation Act, 1948, shall be available for hire of aircraft.

In order to obtain through the most economical means an increase in flight-hours essential to the work of the agency, provision was made in the 1949 Budget for the hire of aircraft by the Civil Aeronautics Administration which would allow a reduction of its fleet to 95 aircraft by September 30, 1948.\* Provision for the hire of aircraft during the fiscal year 1948 will permit more rapid disposal of the present fleet and accelerate the transition to the new program.

##### COAST AND GEODETIC SURVEY

Salaries and expenses, field: For an additional amount for "Salaries and expenses, field," \$152,000.

This estimate is to provide funds for the acceleration of surveys along the coasts of Alaska in areas where existing hydrographic and geodetic data are inadequate to meet the needs of essential navigation.

## GENERAL PROVISION—DEPARTMENT OF COMMERCE

Notwithstanding the provisions of the Department of Commerce Appropriation Act, 1948, for the furnishing of emergency medical services to employees in Alaska and other areas outside the United States on a reimbursable basis, the appropriations for "Salaries and expenses" of the Civil Aeronautics Administration, "Salaries and expenses" of the Civil Aeronautics Board, and "Salaries and expenses" of the Weather Bureau, shall be available during the fiscal year 1948 for furnishing such services without charge when authorized or approved by the Secretary of Commerce.

The proposed amendment will provide for: (1) restoration of the free emergency medical services which, prior to the fiscal year 1948, were furnished to certain employees of the Department in Alaska, and (2) the extension of these benefits to other areas outside the United States where determined necessary by the Secretary. Owing to the remote and isolated posts of duty to which employees are assigned in certain areas outside the United States, it is necessary that the Department be authorized to care for employees who may be incapacitated by injury or illness. Experience during the first half of the fiscal year 1948 indicates an urgent need for this provision.

## DEPARTMENT OF THE INTERIOR

## OFFICE OF THE SECRETARY

## SALARIES

Salaries: For an additional amount for "Salaries," \$20,000.

## OIL AND GAS DIVISION

Oil and Gas Division: For an additional amount for "Oil and Gas Division," \$65,000.

The purpose of the foregoing estimates is to provide funds to enable the Secretary of the Interior to discharge responsibilities respecting fuels delegated to him by Executive Order 9919 dated January 3, 1948, issued pursuant to Public Law 395, approved December 30, 1947, which was enacted by the Congress to aid in the stabilization of commodity prices and in further stabilizing the economy of the United States.

## CONTINGENT EXPENSES, DEPARTMENT OF THE INTERIOR

Penalty mail costs: For an additional amount for "Penalty mail costs," \$65,000.

The substantial reduction in the appropriation made to the Department of the Interior to cover penalty mail costs during the current fiscal year, coupled with an increase in the cost rate from \$15 to \$18.60 per thousand pieces for such mailings limits authorized mailings in 1948 to 7,339,000 pieces or 42 percent less than the number mailed in the fiscal year 1947. To avoid the discontinuance of essential services, it is estimated that not less than 10,883,000 pieces must be mailed during the current fiscal year. This will involve an additional cost in the amount of this estimate.

## BONNEVILLE POWER ADMINISTRATION

Construction, operation, and maintenance, Bonneville power transmission system: For an additional amount for "Construction, operation, and maintenance, Bonneville power transmission system," \$725,000, to remain available until expended; and the limitation under this head in the Interior Department Appropriation Act, 1948, on the amount available for operation and maintenance of the Bonneville transmission system, is increased from "\$2,500,000" to "\$2,700,000", and the limitation under said head on the amount available for personal services in the District of Columbia is increased from "\$24,000" to "\$24,500": *Provided*, That in addition to the contract authorizations contained in the Interior Department Appropriation Act, 1948, and The Supplemental Appropriation Act, 1948, the Administrator is authorized to contract in the fiscal year 1948 for materials, equipment, and services for power transmission facilities in an amount not in excess of \$1,475,000.

The purposes of this supplemental estimate are to (1) advance the Bonneville-Grand Coulee transmission program to conform with the accelerated Grand Coulee generator installation schedule, (2) relieve extreme hardship cases where inadequate service is now being provided, (3) improve power service to the Hanford Atomic Plant, and (4) prevent deferment of essential maintenance and provide adequate staff for operating the transmission system.

## BUREAU OF LAND MANAGEMENT

The limitations under the head "Salaries and expenses" in the Interior Department Appropriation Act, 1948, and under the head "Management, protection, and disposal of public lands" in the Interior Department Appropriation Act, 1948, as increased by the Second Supplemental Appropriation Act, 1948, on the amounts available for carrying out the provisions of the Act of June 28, 1934 (43 U. S. C. 8A), as amended, shall be exclusive of those classes of expenses which were incurred prior to the adoption of Reorganization Plan Number 3 of 1946, by the General Land Office in carrying out certain provisions of said Act.

Appropriations to the Department of the Interior, Bureau of Land Management, for the 1948 fiscal year for "Salaries and expenses" and "Management, protection, and disposal of public lands" include limitations of \$91,000 and \$698,000, respectively, on expenditures for carrying out the provisions of the Taylor Grazing Act of June 28, 1934, as amended. In a decision of January 12, 1948, the Comptroller General has held that these limitations apply to those classes of expenditures incurred by the General Land Office as well as to those incurred by the Grazing Service prior to the adoption of Reorganization Plan No. 3 of 1946, which consolidated these two services under the Bureau of Land Management. The proposed language provisions will exclude from the limitations those classes of expenses previously incurred by the General Land Office.



Fire fighting: For an additional amount for "Fire fighting," \$95,000.

An additional amount of \$95,000 is required to augment the 1948 appropriation of \$40,000 for fighting fires on or threatening lands under the jurisdiction of the Bureau of Land Management in the United States and Alaska. This additional sum is needed to cover actual fire suppression costs to November 30, 1947, and to provide a small amount to meet obligations during the remainder of the current fiscal year.

Payment to Oklahoma from royalties, oil and gas, south half of Red River: For an additional amount, fiscal year 1947, for "Payment to Oklahoma from royalties, oil and gas, south half of Red River," \$379.24.

An additional amount of \$379.24 is required for the purpose of paying to the State of Oklahoma its share of oil and gas royalties received from the south half of the Red River, Oklahoma, during the fiscal year 1947.

#### BUREAU OF INDIAN AFFAIRS

Emergency work program, Navajo and Hopi Indians: For expenses necessary for administering and carrying out a work program for the Navajo and Hopi Indians, in accordance with the Act of December 19, 1947 (Public Law 390), including personal services in the District of Columbia; printing and binding; purchase (not to exceed twenty-one) of passenger motor vehicles; and hire, maintenance, and operation of aircraft; \$1,500,000, to remain available until June 30, 1949.

Public Law 390, approved December 19, 1947, authorizes an appropriation of \$2,000,000 to provide immediate relief for needy Navajo and Hopi Indians; to provide useful employment on permanent construction projects duly authorized; and to secure employment for these Indians off their reservations. The Third Supplemental Appropriation Act, 1948, approved December 23, 1947, included \$500,000 for "Welfare of Indians," which was principally for direct relief of the Navajo and Hopi Indians.

This estimate will provide employment for these Indians in the construction, repair, and improvement of buildings, utilities, roads, and bridges; the conversion of desert lands on the Colorado River Reservation into irrigated farms; soil- and moisture-conservation operations; and the promotion of general farming, livestock, and gardening programs.

Suppressing forest and range fires: For an additional amount for "Suppressing forest and range fires," \$25,000.

This estimate is to meet fire-suppression costs on Indian reservations during the current fiscal year in excess of the \$12,000 appropriated for that purpose in the Interior Department Appropriation Act, 1948. The additional sum is needed to cover actual suppression costs incurred to date and to provide a small amount to meet obligations for this purpose during the remainder of the year.

#### MISCELLANEOUS INDIAN TRIBAL FUNDS

Suppressing forest and range fires (tribal funds): For an additional amount for "Suppressing forest and range fires (tribal funds)," \$25,000.

This item is to increase from \$25,000 to \$50,000 the present authorization for the expenditure of tribal funds for the suppression and

emergency prevention of fires on those Indian reservations where tribal funds are available. Fire suppression costs in the early part of the fiscal year have practically exhausted the present authorization and an additional \$25,000 will be required to make funds available for such purposes during the spring and early summer fire season.

#### BUREAU OF RECLAMATION

##### CONSTRUCTION

Construction: For an additional amount for "Construction," out of the reclamation fund created by the Act of June 17, 1902, as amended (43 U. S. C. 391), for construction and continuation of construction of the following projects in not to exceed the following amounts, to remain available until expended, all to be reimbursable (except as otherwise provided by law) under the reclamation laws:

Boise project, Idaho, Anderson Ranch dam, \$700,000;

Boise project, Idaho, Payette division, \$800,000;

Rathdrum Prairie project, Idaho, \$109,500 to be available for emergency rehabilitation of the works of the Hayden Lake unit.

Almost all of the 1948 appropriation of \$3,874,000 for the Boise project, Idaho, Anderson Ranch dam, has already been used for the substantial completion of the earth-fill dam under a cost-plus-a-fixed-fee contract now being terminated. Very favorable bids have recently been received by the Bureau of Reclamation for completion of the spillway, power plant and appurtenant works under a unit-price contract. Installation of the steel penstock header in the tunnel can be accomplished only during the winter months when outflow from the reservoir is shut off. The additional amount is to permit prompt award of the new contract and the installation of the steel penstock pipe in the tunnel during the late winter and spring of 1947-48, thereby advancing by a year the date when the irrigation, flood control, and power benefits, resulting from the project, may be realized.

Increased costs and unexpected additional items of work on the Boise project, Idaho, Payette division, have served to deplete available funds to the point where it is now impossible to complete the project to the stage required to deliver water to any lands in the crop year 1948 without additional appropriations. The estimate for this project is to permit continuation of work during the remainder of the fiscal year under existing large continuing contracts and under small related contracts.

The estimate for Rathdrum Prairie project is for emergency rehabilitation work on an existing deteriorated section of woodstave conduit serving the Hayden Lake unit.

##### OPERATION AND MAINTENANCE

Parker Dam power project, Arizona-California: For an additional amount for "Parker Dam power project, Arizona-California," from power and other revenues, \$726,000.

The extreme power shortage in the Parker Dam power project market area and the increased demands for additional electric energy to pump water for irrigation purposes continue to exist as a result of several years of severe drought. It is necessary to purchase and transmit west coast energy over Bureau of Reclamation facilities to power contractors in central and southern Arizona to offset these shortages

and prevent serious crop damage. The energy is resold at a rate sufficient to recover the purchase cost and other necessary expenses. Funds provided for this purpose in the Interior Department Appropriation Act, 1948, will be exhausted by the middle of March 1948, and additional appropriations are required to continue the procedure for the remainder of the fiscal year. The estimate of \$726,000 is to provide the additional funds required.

North Platte project, Nebraska-Wyoming: For an additional amount for "North Platte project, Nebraska-Wyoming," from power revenues, \$56,800, of which \$25,000 is for payment of a claim under part 2 of the Federal Tort Claims Act of August 2, 1946 (28 U. S. C. 921).

Of the total estimate of \$56,800 for operation and maintenance for the North Platte project, \$31,800 is required for recently authorized pay increases for wage-board employees, for the purchase of metering equipment to serve additional customers, and for the purchase of transmission-line poles and hardware for use in emergency repairs of the transmission system. The amount of \$25,000 for payment of a claim is required to discharge the liability of the United States under a compromise settlement effected by the Attorney General of the United States and approved by the United States District Court for the District of Wyoming in a suit instituted against the United States pursuant to authority contained in the Federal Tort Claims Act.

#### COLORADO RIVER DAM FUND

Boulder Canyon project: For an additional amount for "Boulder Canyon project," payable from the Colorado River Dam Fund, \$55,000.

The estimate for the Boulder Canyon project is to provide funds for recently authorized wage board increases for unclassified labor, for the repair of homes at Boulder City formerly maintained by the Defense Homes Corporation and purchased after the regular budget submission for fiscal year 1948 had been approved, and for the additional cost of stream-flow forecasting and water dispatching required during the present power shortage period to obtain the most economic use of water downstream from Hoover Dam from the standpoint of flood control, irrigation, and power production, as well as the maximum production of electric energy at Hoover Dam.

#### GEOLOGICAL SURVEY

Gaging streams: For an additional amount for "Gaging streams," \$635,500, for cooperation with States or municipalities.

The purpose of this estimate is to provide additional funds for cooperative water-resources investigations during the current fiscal year. Cooperating States and municipalities have now appropriated \$2,222,000 for these activities during 1948, in the expectation that Federal funds in an equal amount would be provided, in accordance with the long-established practice of equal participation in the Nation-wide water investigations. However, the total amount of Federal funds available for matching those offerings is only \$1,586,500.



## BUREAU OF MINES

Salaries and expenses: For an additional amount for "Salaries and expenses," \$52,000; and the limitation under this head in the Interior Department Appropriation Act, 1948, on the amount available for printing and binding, is increased from "\$65,000" to "\$77,500", and the limitation under said head on the amount available for personal services in the District of Columbia is increased from "\$93,000" to "\$128,500".

Economics of mineral industries: For an additional amount for "Economics of mineral industries," \$260,000; and the limitation under this head in the Interior Department Appropriation Act, 1948, on the amount available for personal services in the District of Columbia, is increased from "\$580,000" to "\$775,000".

The purpose of the foregoing estimates is to provide funds to enable the Bureau of Mines to discharge responsibilities respecting fuels delegated to the Secretary of the Interior by Executive Order 9919 dated January 3, 1948, issued pursuant to Public Law 395, approved December 30, 1947, which was enacted by the Congress to aid in the stabilization of commodity prices, and in further stabilizing the economy of the United States.

## NATIONAL PARK SERVICE

Emergency reconstruction and fighting forest fires: For an additional amount for "Emergency reconstruction and fighting forest fires," \$570,000, of which \$443,400 shall be available until June 30, 1949, in the Acadia National Park, Maine, for reforestation, forest clean-up, and repair and reconstruction of buildings and facilities damaged or destroyed by fire: *Provided*, That the provisions of section 1 of the Act of August 24, 1912, as amended (16 U. S. C. 451), shall not apply to reconstruction of buildings in said park under this appropriation.

This estimate is to meet fire suppression costs incurred during the current fiscal year and to provide funds for the reconstruction, replacement, and repair of roads, trails, bridges, buildings, and equipment in areas under the jurisdiction of the National Park Service that have been damaged or destroyed by flood, fire, storm, or other unavoidable causes. The estimate of \$570,000 includes \$493,342 because of the recent fire in Acadia National Park, Maine, which will provide \$49,942 for fighting forest fires, \$196,000 for clean-up and fire hazard reduction, \$197,400 for repair and reconstruction, and \$50,000 for reforestation. For areas other than Acadia National Park, the estimate includes \$76,658 for fighting forest fires and for repair and reconstruction of facilities.

## FISH AND WILDLIFE SERVICE

## SALARIES AND EXPENSES

Alaska fisheries: For an additional amount for "Alaska fisheries," \$50,000.

The foregoing estimate is to provide funds for the purchase of supplies for the maintenance of the natives of the Pribilof Islands. Since 1945 the cost of such supplies is estimated to have increased about 40 percent. Due to the unavailability in the market during the past several years of many items normally procured for the natives and the availability of inventories, the significance of price increases has not heretofore been great. However, the exhaustion of inven-

tories coupled with continuing price increases has created such a shortage in available funds as to preclude the procurement of a minimum quantity of required supplies.

#### GOVERNMENT IN THE TERRITORIES

##### TERRITORY OF ALASKA

Insane of Alaska: For an additional amount for "Insane of Alaska," \$112,200.

Pursuant to section 7 of the act of February 6, 1909 (35 Stat. 601), as amended by the act of October 14, 1942 (56 Stat. 782), the Secretary of the Interior contracted in 1942 with the Sanitorium Co. of Portland, Oreg., for the care and treatment of persons legally adjudged insane in Alaska, at a base rate of \$70 per month per patient. The contract provides that this base rate shall be adjusted at the end of each 6 months, upon the basis of the cost-of-living indices published by the Department of Labor for the preceding 6 months.

The 1948 appropriation of \$334,700 was based upon an increase of only 9.9 percent. It has now been ascertained that the increase applicable to the period from July 1 to December 31, 1947, is 46.31 percent. A supplemental appropriation of \$112,200 is required to meet this contract obligation.

Construction and maintenance of roads, bridges, and trails, Alaska: For an additional amount for the construction, repair, and maintenance of roads, tramways, buildings, ferries, bridges, and trails, Territory of Alaska, \$7,370,000, to remain available until expended; and in addition, the Secretary or, at his request, the Commissioner of Public Roads, Federal Works Agency, is authorized to incur obligations and enter into contracts for additional work, materials, and equipment for the purposes of this appropriation in an amount not to exceed \$4,000,000.

This estimate is to provide for the construction of the Turnagain Arm Road in Alaska, connecting Seward on the Kenai Peninsula by road with Anchorage. The program of rehabilitation for the Alaska Railroad does not include any provision for work on the Seward end of the line because of its dangerous condition and the excessive cost of both rehabilitation and maintenance. Upon completion of the Turnagain Arm Road that section of the railroad will be abandoned. Seward must have land communication with Anchorage in order to make it economically possible for the former to exist. The remainder of the Kenai Peninsula is one of the richest areas of Alaska, containing approximately 9,000 square miles of agricultural, timber, mining, fishing, and recreational resources.

#### DEPARTMENT OF JUSTICE

##### LEGAL ACTIVITIES AND GENERAL ADMINISTRATION

Tax Division: For an additional amount for personal services of the Tax Division, \$18,000.

This additional amount is required because of an unanticipated increase in criminal tax prosecutions and appellate litigation for which the Tax Division is responsible. Additional attorneys and stenographers are necessary for the Division in order that the Government's interests in these matters may be adequately protected. The increase in criminal and appellate matters has arisen subsequent to the preparation of the Budget for the current year, and for that reason no provision was made for it in the estimates for the year.



Printing and binding: For an additional amount for "Printing and binding," \$150,000.

This additional amount is required because of increased obligations for printing, principally of briefs and court records. The requirements for these purposes, being largely dependent upon the course of litigation through the courts, could not be fully foreseen when the Budget for the current year was in preparation, and it now appears that the foregoing supplemental amount will be required.

Salaries and expenses, Lands Division: For an additional amount, fiscal year 1942, for "Salaries and expenses, Lands Division," \$150.50.

This estimate is for the payment of a claim certified for settlement by the Comptroller General, chargeable to an appropriation that is exhausted, which requires a deficiency appropriation for payment.

Miscellaneous salaries and expenses, field: For an additional amount, fiscal year 1945, for "Miscellaneous salaries and expenses, field," \$864.76.

This estimate is for the payment of claims certified by the Comptroller General and to permit correction of an accounting error between the 1945 and 1946 appropriations under this title. These actions constitute charges to an appropriation that is exhausted, and therefore require a deficiency appropriation.

Salaries and expenses of marshals, and so forth: For an additional amount, fiscal year 1947, for "Salaries and expenses of marshals, and so forth," \$155,000.

This amount is required largely because of additional unforeseen travel costs of deputy marshals in transporting prisoners and serving process, and because unanticipated expenditures for overtime pay could not be absorbed within available funds.

#### FEDERAL PRISON SYSTEM

Medical and hospital service: For an additional amount for "Medical and hospital service," \$43,000.

This estimate provides \$43,000 for pay increases to medical and dental reserve officers of the Public Health Service commissioned corps detailed to the penal institution medical services. These increases were authorized by Public Law 365, approved August 5, 1947.

#### FEDERAL PRISON INDUSTRIES, INCORPORATED

The amount made available under this head in The Government Corporations Appropriation Act, 1948, for administrative expenses of the Federal Prison Industries, Incorporated, is increased from "\$225,000" to "\$260,000", the additional amount to be derived from the sources specified under said head.

This additional amount is required in order to permit the Corporation to pay, out of the limitation on administrative expenses, certain expenses which were not considered chargeable to the limitation when the 1948 estimate was prepared. These expenses are rent in the District of Columbia, payment of which is required by section 306 of the Government Corporations Appropriation Act, 1948, and the cost of the audit of the Corporation made by the Comptroller General under authority of sections 105 and 301 of the Government Corporation Control Act, approved December 6, 1945.

## DEPARTMENT OF LABOR

## BUREAU OF LABOR STATISTICS

Salaries and expenses: The limitation under this head in the Second Supplemental Appropriation Act, 1948, on the amount which may be expended for personal services in the District of Columbia, is increased from "\$2,327,700" to "\$2,530,000".

The Bureau's programs for 1948 emphasize the preservation of national series of statistics and the curtailment of State and local series. This development necessarily requires a higher proportion of staff located in Washington than was formerly required. However, in order to operate within the reduced limitation on personnel services in the District of Columbia, the Bureau has had to decentralize to the field part of the staff engaged in compilation and analysis of national employment and construction data. This shift of a departmental operation to the field has proved to be inefficient, costly, and has resulted in delays in the release of important statistical information.

## NATIONAL MILITARY ESTABLISHMENT

## DEPARTMENT OF THE ARMY—MILITARY FUNCTIONS

## OFFICE OF THE SECRETARY OF THE ARMY

## Penalty Mail, Military Functions

Penalty mail: For deposit in the Treasury for penalty mail of the Department of the Army, military functions (39 U. S. C. 321d), \$5,000,000.

The exemption from penalty mail deposits granted the Department of the Army by section 5 of Public Law 364 of the Seventy-eighth Congress was repealed by Public Law 239 of the Eightieth Congress, approved July 25, 1947. The estimated cost for fiscal year 1948 for Department of the Army, military functions (including Department of the Air Force), is \$5,000,000.

## QUARTERMASTER CORPS

## Quartermaster Service, Army

Clothing and equipage: For an additional amount for "Clothing and equipage," \$26,670,000.

The foregoing estimate is for the additional funds required in fiscal year 1948 for initiating the procurement of a distinctive uniform for the enlisted men of the United States Air Force. The total cost of providing one new uniform for each man is estimated at \$54,424,000. By providing \$26,670,000 at this time, however, it will be possible to apply \$27,754,000 against the cost of this distinctive uniform through the utilization of cloth and other items currently under procurement by the Quartermaster Corps for existing type uniforms.

## UNITED STATES MILITARY ACADEMY

## Pay of Military Academy

Cadets: For an additional amount for "Cadets," \$83,488.

The annual pay of cadets was increased from \$780 to \$936 effective at the start of the current fiscal year, by Public Law 96, approved June 20, 1947. No provision for this increase was made in the 1948 Budget since enactment of the change in pay rate was not anticipated at the time of submission of the 1948 Budget to the Congress.

## DEPARTMENT OF THE ARMY—CIVIL FUNCTIONS

## QUARTERMASTER CORPS

## Cemeterial Expenses

Cemeterial expenses: For an additional amount for "Cemeterial expenses," \$1,021,000, to remain available until June 30, 1949.

This supplemental estimate of appropriation is for the purpose of providing for the initial construction phases of new national cemeteries in Hawaii and Puerto Rico. At this time it is proposed to develop 50 of the 98 acres in Hawaii and 18.75 of the 75 acres in Puerto Rico. No national cemeteries are available, but there is an urgent need for provision of burial places for World War II dead in these localities.

## CORPS OF ENGINEERS

## Rivers and Harbors

Maintenance and improvement of existing river and harbor works: For an additional amount for "Maintenance and improvement of existing river and harbor works," \$265,000.

Additional funds in the amount shown above are required in the current fiscal year to defray the cost of emergency ice-breaking operations on the Illinois Waterway, thereby permitting continuance of barge operations on the waterway throughout the winter of 1947-48, in an effort to alleviate the existing critical shortage of fuel in the Middle West.

Due to the emergency nature of the work, the need for funds for its accomplishment could not be foreseen and provided for at the time the 1948 Budget estimates of appropriation were prepared.

## Flood Control

Flood control, general: For an additional amount for "Flood control, general," \$1,000,000.

Additional funds in the amount shown above are required in the current fiscal year to defray the cost of continuing the program of snagging and clearing work, pursuant to section 2 of the Flood Control Act, approved August 28, 1937, as amended. This program provides relief from overbank flooding to areas throughout the country where the need is most urgent, and results in benefits of an immediate and widespread nature. Continuation of the program, without interruption, is highly desirable and necessary in order that the unusually large accumulations of snags and debris resulting from unprecedented floods during 1947 in many sections of the country, particularly in the Mississippi Basin, may be removed prior to the flood season in 1948.

The War Department Civil Appropriation Bill, 1948, included \$500,000 for this item as passed by the House of Representatives and \$1,000,000 as passed by the Senate but the item was entirely omitted in final enactment of the bill.



## PENALTY MAIL, CIVIL FUNCTIONS

Penalty mail: For deposit in the Treasury for penalty mail of the Department of the Army, civil functions (39 U. S. C. 321d), \$200,000.

The exemption from penalty-mail deposits granted the Department of the Army by section 5 of Public Law 364 of the Seventy-eighth Congress was repealed by Public Law 239 of the Eightieth Congress, approved July 25, 1947.

## GOVERNMENT AND RELIEF IN OCCUPIED AREAS

Government and relief in occupied areas: For an additional amount for "Government and relief in occupied areas," \$150,000,000.

This supplemental estimate of appropriation is for the purpose of providing the necessary supplies to minimize disease and unrest in occupied areas and represents an additional requirement on the part of the United States by reason of the inability of the British to continue dollar support in bizonal Germany.

The Third Supplemental Appropriation Act, 1948, appropriated \$340,000,000 for additional occupation costs. This sum was \$150,000,000 less than the amount recommended to Congress.

On December 17, 1947, a new agreement was entered into between the Governments of the United Kingdom and the United States. This agreement covers the financial responsibility for bizonal Germany and the further sum of \$100,000,000 will be required in this fiscal year to carry out this agreement.

The remaining \$50,000,000 of the present estimate is needed to assure the uninterrupted flow of supplies to occupied areas.

## DEPARTMENT OF THE NAVY—NAVAL ESTABLISHMENT

## OFFICE OF THE SECRETARY

## Penalty Mail

Penalty mail: For deposit in the Treasury for penalty mail of the Navy Department and the Naval Establishment (39 U. S. C. 321d), \$2,957,000.

The exemption from penalty mail deposits granted the Department of the Navy by section 5 of Public Law 364 of the Seventy-eighth Congress was repealed by Public Law 239 of the Eightieth Congress, approved July 25, 1947.

## BUREAU OF NAVAL PERSONNEL

## Training, Education, and Welfare, Navy

Naval training station, San Diego, California: For an additional amount for the naval training station at San Diego, California, \$120,000.

Naval training station, Great Lakes, Illinois: For an additional amount for the naval training station at Great Lakes, Illinois, \$165,000.

The foregoing estimates of appropriation are necessary to meet the increased cost of maintenance and operation resulting from increased training loads. These increased training costs are a result of a revised personnel plan for the Navy which involves an increased number of recruits to be trained during the latter part of this fiscal year. No provision for these increased costs was made in the 1948



Budget since the personnel plan on which it was based would have deferred this increase in the training load until the following fiscal year, with the effect of reducing the number of trained men available for duty with the fleet in the early part of that year to a number now considered inadequate.

#### Naval Academy

Naval Academy: For an additional amount for "Naval Academy," \$114,000.

The foregoing estimate of appropriation is necessary to meet the increases in pay established under authority of the act of July 16, 1862 (34 U. S. C. 505), for per diem employees, and increased costs of fuel, which were not contemplated at the time of transmission of the Budget for the fiscal year 1948.

#### Naval Home, Philadelphia, Pennsylvania

Naval Home, Philadelphia, Pennsylvania: For an additional amount for "Naval Home, Philadelphia, Pennsylvania," \$9,100.

The additional funds recommended have been made necessary because of pay increases authorized by the Secretary of the Navy for unclassified employees. These pay increases were authorized to be effective November 17, 1947, and were not contemplated at the time of the transmission of the Budget for fiscal year 1948.

#### BUREAU OF YARDS AND DOCKS

##### Public Works, Bureau of Yards and Docks

Public Works, Bureau of Yards and Docks: The Secretary of the Navy is authorized to enter into contracts for naval public works, as follows:

Naval Base, Guam: Acquisition of land as authorized by Act of August 2, 1946 (60 Stat. 803), \$1,600,000;

Postgraduate school, Monterey, California: Postgraduate school facilities, including the necessary construction and alterations to provide school facilities, quarters, and collateral facilities and equipment, and the acquisition of the necessary land, all as authorized by the Act of July 31, 1947 (Public Law 302), \$2,500,000.

The foregoing estimates of appropriation are necessary to implement the authority heretofore granted by the Congress in the cited statutes.

The land to be acquired on the Island of Guam is presently utilized by the Navy. It is considered desirable that it be acquired and that settlement therefor be effected without further delay.

The acquisition of land and the establishment of permanent postgraduate school facilities at Monterey, Calif., should be undertaken at an early date in order to make existing postgraduate school facilities available for other use and to facilitate the Navy postwar officer training program.

## POST OFFICE DEPARTMENT

(Out of the Postal Revenues)

When the 1948 estimates were prepared in July 1946, it was believed that the revenues would amount to \$1,192,410,000. The mail volume was estimated at 37,331,305,000 pieces and special service transactions at 791,250,000. The trend through 1947 was upward to a greater degree than anticipated, making it necessary to revise the 1948 estimates in July 1947.

At that time revenues for 1948 were estimated at \$1,368,905,000; pieces of mail at 39,132,350,000; and special service transactions at 856,098,000. The upward trend in postal business has continued and revenues reported for the first 5 months of 1948 show an increase of 12.42 percent over the first 5 months of 1947.

The Treasury and Post Office Departments Appropriation Act, 1948, Public Law 147, provided appropriations for the Post Office Department of \$1,531,661,050, which was later increased by the Second Supplemental Appropriation Act, 1948, Public Law 299, by \$74,272,500, for a total of \$1,605,933,550. The supplemental estimates of appropriation submitted herewith for the Post Office Department for fiscal year 1948 total \$141,268,800, which will raise the total to \$1,747,202,350. These estimates have been based on 5 months' operations in 1948 with an upward trend showing an accelerating characteristic. More accurate estimates can be submitted about April 1 when the effect on the several appropriations of the past Christmas season and the increasing mail volume will be known more definitely.

## POST OFFICE DEPARTMENT, DISTRICT OF COLUMBIA

## CONTINGENT EXPENSES, POST OFFICE DEPARTMENT

Contingent and miscellaneous expenses: For an additional amount for "Contingent and miscellaneous expenses," \$12,800.

Increased prices of supplies and equipment purchased under this appropriation make necessary the majority of this supplemental estimate. The sum of \$1,000 is needed for contractual services, mainly for the purchase of copies of transcripts of hearings in connection with mail pay rates to railroads, which matter is now being considered by the Interstate Commerce Commission.

Printing and binding: For an additional amount for "Printing and binding," \$270,000.

The increase in volume of postal business has required the printing of more forms and money order blanks than was previously anticipated. In addition, the cost of printing has increased because of higher paper and labor costs. The estimate is based on a 14 percent rise above 1947 price levels.

## FIELD SERVICE, POST OFFICE DEPARTMENT

## OFFICE OF THE FIRST ASSISTANT POSTMASTER GENERAL

Compensation to postmasters: For an additional amount, fiscal year 1947, for "Compensation to postmasters," \$1,000,000.

This deficiency estimate is made necessary due to the unanticipated number of claims for terminal leave during the fiscal year 1947.

Clerks, first- and second-class post offices: For an additional amount for "Clerks, first- and second-class post offices," \$34,600,000.

Total manpower requirements for post offices are directly related to increases in mail volume. The present appropriation for clerk hire was based on an increase in postal revenues in 1948 over 1947 of 5.21 percent, with an indicated increase in mail volume of 3 percent. The report of postal revenues for the first five months of 1948 indicates a 12.42 percent increase over the same period in 1947, making this estimate necessary.

Carfare and bicycle allowance: For an additional amount for "Carfare and bicycle allowance," \$175,000.

This supplemental estimate of appropriation is made necessary by (1) the extension of city delivery service, and (2) increase in rates by public transportation companies.

City delivery carriers: For an additional amount for "City delivery carriers," \$20,000,000.

The increase of personnel in this service is due almost entirely to the rapid expansion of home and commercial construction throughout the country. If this service is not extended to new residential subdivisions, the only alternative for people living in these new developments is to call at post offices, and this kind of service is more expensive than the delivery service.

Special-delivery compensation and fees: For an additional amount for "Special-delivery compensation and fees," \$750,000.

Increase of 9.04 percent in volume of this class of service makes necessary this supplemental estimate of appropriation.

#### OFFICE OF THE SECOND ASSISTANT POSTMASTER GENERAL

Star-route service: For an additional amount for "Star-route service," \$765,000.

This estimate is required to meet the increased cost of service resulting from higher bids on renewal of contracts and readvertisements of contracts. It also provides for new routes, or extensions of existing routes, established to maintain service where rail transportation is discontinued or curtailed.

Star-Route and Air-Mail Service, Alaska: For an additional amount for "Star-Route and Air-Mail Service, Alaska," \$422,800.

Star-Route and Air-Mail Service, Alaska: For an additional amount, fiscal year 1947, for "Star-Route and Air-Mail Service, Alaska," \$224,500.

Star-Route and Air-Mail Service, Alaska: For an additional amount, fiscal year 1946, for "Star-Route and Air-Mail Service, Alaska," \$42,000.

These estimates are necessary to meet the increased cost of air-mail service in Alaska caused by the fixing of temporary rates by the Civil Aeronautics Board for service on routes AAM 232, AAM 214, and AAM 148, part I. They also provide for an increase in volume of mail over that anticipated by the present appropriations.

Powerboat service: For an additional amount for "Powerboat service," \$95,000.

This estimate is necessary to meet the increase in cost of this service resulting from the increase in volume of mail transported at pound rates to and from Alaska and Hawaii, and the addition of stevedore service in Alaska.



Railroad transportation and mail messenger service: For an additional amount for "Railroad transportation and mail messenger service," \$59,920,000.

Railroad transportation and mail messenger service: For an additional amount, fiscal year 1947, for "Railroad transportation and mail messenger service," \$14,300,000.

Included in these supplemental estimates of appropriation is the sum of \$37,775,820 for fiscal year 1948, and \$12,300,000 for fiscal year 1947, to cover increase in cost of transportation by railroads. Under date of December 23, 1947, the Interstate Commerce Commission issued a directive which sets up an interim rate increase of 25 percent for mail transportation by railroads, such increase being retroactive to February 19, 1947. The balance of the estimates for 1947 and 1948 is to cover cost of mail volume transported in excess of that originally anticipated.

Railway Mail Service: For an additional amount for "Railway Mail Service," \$3,900,000.

This estimate is necessary in order to meet the increased cost of personal services in handling mail on trains and in terminals of the Railway Mail Service resulting from the increasing volume of mail. It is estimated that 3.7 percent more man-hours will be required to move the mail.

Railway postal clerks, travel allowance: For an additional amount for "Railway postal clerks, travel allowance," \$200,000.

The increase in cost of travel occasioned by the greater number of man-hours of travel on trains by clerks makes this estimate necessary.

Foreign mail transportation: For an additional amount for "Foreign mail transportation," \$14,600,000.

Additional funds are needed to meet the cost of the tremendous increase in foreign mail volume. During the first 5 months of the current fiscal year foreign mail volume increased 81.3 percent over that handled for the corresponding period of fiscal year 1947. There is no indication that the volume of this class of mail will be materially reduced during the remainder of the current fiscal year.

#### OFFICE OF THE THIRD ASSISTANT POSTMASTER GENERAL

Unpaid money orders more than one year old: For an additional amount for "Unpaid money orders more than one year old," \$321,000.

The number and amounts of claims for money orders more than one year old are increasing to a point above that previously anticipated, which makes it necessary to include an additional amount for this purpose.

#### OFFICE OF THE FOURTH ASSISTANT POSTMASTER GENERAL

Post Office stationery, equipment, and supplies: For an additional amount for "Post Office stationery, equipment, and supplies," \$815,000.

The increase in mail volume has necessitated additional supplies over the quantity originally estimated. This condition, together with price increases ranging from 10 percent upward in stationery, equipment, and supplies, makes this supplemental estimate of appropriation necessary. The equipment and supplies covered by the annual appropriation and this supplemental estimate are the minimum under which efficient service can be performed.



Equipment shops, Washington, District of Columbia: For an additional amount for "Equipment shops, Washington, District of Columbia," \$425,000.

The limited facilities of the equipment shops would not permit the manufacture of additional canvas mail-bag requirements, and outside manufacturers were unable to supply canvas-bag needs within the time necessary to promptly handle the unprecedented increase in parcel post mail volume. Therefore, during the second quarter of the current fiscal year it was necessary for the Post Office Department to purchase 1,000,000 burlap bags. This supplemental estimate of appropriation is to replace funds used for that purpose.

Vehicle service: For an additional amount for "Vehicle service," \$3,277,000.

During the past 6 months of the current fiscal year the volume of parcel post mail handled by the Postal Service has greatly exceeded all previous records. This increase in volume was partly due to two increases in express rates authorized by the Interstate Commerce Commission within the past 13 months, the last increase being effective in September 1947. Even though double duty was performed by Government-owned trucks, it was impossible to promptly move the mails. The result was that the Post Office Department was required to hire trucks under contract at a much higher rate than the cost of Government-operated service. A strike of the Railway Express employees in New York during September and October of 1947 also necessitated the use of additional contract trucks. The additional trucks used under contract and the increase of supplies, materials, tires, and parts over the original estimate make necessary this supplemental estimate of appropriation.

Transportation of equipment and supplies: For an additional amount for "Transportation of equipment and supplies," \$305,200.

Additional requirements under this appropriation are made necessary due to the shipment of additional postal cards and new trucks. During the current fiscal year the public has increased the use of postal cards, thereby necessitating the shipment of 52 carloads over the original estimate. Acceleration of the new truck delivery program will require additional shipments of 436 full car, and 488 less-than-full-car lots. In addition, an increase in freight rates was authorized by the Interstate Commerce Commission on December 30, 1947.

#### Public Buildings, Maintenance and Operation

Operating supplies, public buildings: For an additional amount for "Operating supplies, public buildings," \$415,000.

The supplemental estimate of appropriation under this head is made necessary by (1) increase in cost of steam, fuel oil, coal, electricity for light and power, and (2) increase in freight rates authorized by the Interstate Commerce Commission. All of these increases are over and above original estimates for 1948.

## DEPARTMENT OF STATE

## DEPARTMENT SERVICE

Salaries and expenses, Department of State: The limitation under this head in the Department of State Appropriation Act, 1948, on dues for library membership in societies or associations which issue publications to members only, or at a price to members lower than to subscribers who are not members, newspapers, teletype rentals, and tolls, is increased from "\$65,000" to "\$80,000".

This increase in limitation is required to cover costs of: (1) teletype facilities which connect the Department of State with the world-wide facilities of the Army and Navy (these facilities have previously been provided without charge but the Department has now been informed that reimbursement will be necessary); (2) teletype facilities between Washington and the New York Despatch Agent which a recently completed survey indicates will provide a more economical means of communication than the long distance telephone; and (3) the proposed installation of teletype "scrambler" equipment to avoid interception of certain classified messages between Washington and New York. No additional appropriation of funds is required to meet this increase in the limitation.

## THE INSTITUTE OF INTER-AMERICAN AFFAIRS

The Institute of Inter-American Affairs: For expenses necessary to enable The Institute of Inter-American Affairs, created by the Act of August 5, 1947 (Public Law 369), to carry out the provisions of said Act, \$3,848,500, to be deposited directly to the Institute's special deposit account with the Treasurer of the United States and to remain available until expended: *Provided*, That notwithstanding the provisos in the appropriations for The Institute of Inter-American Affairs and the Inter-American Educational Foundation, Incorporated (Delaware corporations), in title I of The Government Corporations Appropriation Act, 1948, all funds transferred to the Institute pursuant to section 12 of the Institute of Inter-American Affairs Act (Public Law 369, approved August 5, 1947), shall remain available until expended, for all of the purposes of said Act: *Provided further*, That in addition to the sum of \$800,000 made available in The Government Corporations Appropriation Act, 1948, and the sum of \$132,000 made available in The Supplemental Appropriation Act, 1948, for administrative expenses of The Institute of Inter-American Affairs and the Inter-American Educational Foundation, Incorporated (Delaware corporations), and transferred to the Institute pursuant to section 12 of the Institute of Inter-American Affairs Act, the funds of the Institute are hereby made available for administrative expenses during the fiscal year 1948 in the amount of \$85,000.

The 1948 appropriation act carried \$8,115,000 for the corporations, Institute of Inter-American Affairs and Inter-American Educational Foundation, Incorporated. These appropriations contemplated liquidation of the corporations. The Institute of Inter-American Affairs Act, approved August 5, 1947, created a Federal corporate body known as The Institute of Inter-American Affairs to succeed the two former corporations and also provided for the transfer of funds of the latter to the new corporation. The recommended appropriation and increase in administrative expense limitation provides for certain agricultural, health, and educational programs which had previously been scheduled for termination during the fiscal year 1948 but which are now to continue under authority of the Institute of Inter-American Affairs Act.

## GENERAL PROVISION—DEPARTMENT OF STATE

The funds and authority available to the Secretary of State pursuant to the Act of March 11, 1941 (55 Stat. 31), as amended, to carry out the agreement of December 31, 1943, between the Government of the United States of America and the Government of Liberia for the construction of the port, port facilities, and access roads in Monrovia, Liberia, which have been heretofore partially constructed, shall remain available for such purpose until June 30, 1950.

It is now estimated that fulfillment of the agreement of December 31, 1943, with Liberia for construction of a port, port facilities, and access roads will require until June 30, 1950. Lend-lease funds appropriated to the President and allocated to the Department of the Navy for this construction will lapse for expenditure purposes on June 30, 1948, and the authority for the necessary functions will expire on June 30, 1949, pursuant to the Lend-Lease Act. The above provision extending time limitations will make possible the fulfillment of an obligation to the Government of Liberia and completion of a project which would otherwise remain very limited economically.

## TREASURY DEPARTMENT

## FISCAL SERVICE

## BUREAU OF THE PUBLIC DEBT

Distinctive paper for United States currency: For an additional amount for "Distinctive paper for United States currency," \$361,000.

This supplemental estimate is required to enable the Treasury Department to replenish its stocks of blank distinctive paper by June 30, 1948. Since the enactment of fiscal year 1948 appropriation bill, the unit price has increased from \$0.4125 to \$0.4875 per pound which has limited purchases to approximately five-sixths the number of sheets that could have been secured at the original lower cost. Over half of the additional 29,336,000 sheets, for which this supplemental estimate is being requested, will merely compensate for those sheets not purchased this fiscal year because of the price increase. Furthermore, the volume of redemptions has been considerably higher than was anticipated at the time the 1948 appropriation was under consideration. Recently the banks have been requested again to reduce the standard of currency fitness in order to maintain in circulation a greater number of used bills. Notwithstanding all of the efforts of the Department, the stocks of currency are at dangerously low levels.

## BUREAU OF INTERNAL REVENUE

Refunding internal revenue collections: For an additional amount for "Refunding internal revenue collections," \$800,000,000.

This supplemental estimate is required by the Bureau of Internal Revenue to augment funds for refunds to taxpayers for fiscal year 1948. It is estimated that \$2,031,000,000 will be needed for all refunding purposes for the current fiscal year, and since the 1948 appropriation act provided \$1,231,000,000, the difference of \$800,000,000 is being requested as a supplemental estimate. Estimated individual income-tax prepayment refunds of \$1,560,000,000 represent more than three-fourths of the total of all refunds, \$2,031,000,000. During the first



5 months of fiscal year 1947 individual income-tax prepayment refunds were approximately \$85,000,000, or about 5.3 percent of total prepayment refunds made during the entire year. Similarly, during the first 5 months of this fiscal year, 1948, prepayment refunds made totaled \$81,181,236, or approximately 5.2 percent of the estimated total of prepayment refunds, \$1,560,000,000, for the year. It is anticipated that other miscellaneous refunds will total about \$471,000,000, which is commensurate with prior year figures of a like nature.

#### BUREAU OF ENGRAVING AND PRINTING

Salaries and expenses: For an additional amount for "Salaries and expenses," \$1,650,000.

This supplemental estimate is required to enable the Treasury to replenish its stocks of completed currency by June 30, 1948. Although banks are still turning back into circulation much currency that, in normal years, would have been considered unfit for further use, they have recently been requested again to reduce the standard of fitness in order to return to circulation a greater number of used bills. Despite this precaution, the reserve stocks of completed bills have been depleted below a safe level during recent months. At the time the 1948 Budget was prepared, it was not anticipated that redemptions would increase so rapidly as to seriously deplete reserve stocks of completed currency.

#### SECRET SERVICE DIVISION

Reimbursement to District of Columbia, benefit payments to White House Police and Secret Service forces: For an additional amount for "Reimbursement to District of Columbia, benefit payments to White House Police and Secret Service forces," \$10,700.

This supplemental estimate is required by the Treasury Department, in accordance with the act of October 14, 1940, as amended, to reimburse the District of Columbia an amount equal to the difference between total annuities paid and receipts from retirement deductions from salaries of men on active duty. The additional \$10,700 is needed because of the addition of five annuitants to the retired rolls subsequent to submission of the original 1948 estimate.

### TITLE II—REDUCTION IN APPROPRIATION

#### DEPARTMENT OF THE ARMY—MILITARY FUNCTIONS

##### FINANCE DEPARTMENT

##### Finance Service, Army

Pay of the Army: The amount made available under this head in the Military Appropriation Act, 1948, is reduced by the amount of \$150,000,000, said amount to be carried to the surplus fund and covered into the Treasury immediately upon the approval of this Act.

The amount recommended for rescission represents estimated savings in pay of enlisted personnel resulting from the decline in the strength of the Army below that provided for in appropriations for 1948 because of the inability to obtain sufficient numbers of new recruits. Savings of \$150,000,000 are indicated on the basis of experience for the first 6 months of this fiscal year.



## TITLE III—GENERAL PROVISION

SEC. 301. The limitation in section 4 of the Second Supplemental Appropriation Act, 1948, on the amount which may be transferred to the National Security Council, the National Security Resources Board, and the Office of the Secretary of Defense, from appropriations for the War Department for the Military Establishment and for the Navy Department and the naval service, is increased from "\$2,000,000" to "\$2,500,000".

The Second Supplemental Appropriation Act, 1948, provides for the transfer of not to exceed \$2,000,000 from War and Navy Department appropriations to the National Security Council, the National Security Resources Board and the Office of the Secretary of Defense, to finance the activities of those agencies until such time as the Congress shall have made appropriations therefor. Due to understrength in the Army and savings in the Navy Department, sufficient funds are available for transfer to these agencies to cover all their expenses during the fiscal year 1948, obviating the need for new appropriations. The proposed provision would increase the limitation on the amount to be transferred to \$2,500,000, which is the estimated total of requirements for the fiscal year 1948.











SUPPLEMENTAL ESTIMATE OF APPROPRIATIONS FOR  
FOREIGN AID

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COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

SUPPLEMENTAL ESTIMATE OF APPROPRIATION FOR THE FISCAL  
YEAR 1948 IN THE AMOUNT OF \$55,000,000 FOR ADDITIONAL AID  
UNDER THE FOREIGN AID ACT OF 1947

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MARCH 11, 1948.—Referred to the Committee on Appropriations and ordered to  
be printed

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THE WHITE HOUSE,  
Washington, March 11, 1948.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: I have the honor to submit for the consideration of the Congress a supplemental estimate of appropriation for the fiscal year 1948 in the amount of \$55,000,000 for additional aid under the Foreign Aid Act of 1947.

Maintenance of a continuing flow of essential supplies to Austria, France, and Italy is imperative for the preservation of the economies of these countries. There now is grave danger that a break in the supply pipe line will occur between the end of the interim aid program, which the Congress authorized to continue to March 31, and the start of any program which could be authorized under the European recovery legislation now being considered by the Congress.

As shown in the attached letter from the Director of the Bureau of the Budget, there is an immediate need for additional funds in the amount of \$55,000,000 to permit the continued placement of contracts for essential supplies for a brief additional interim period. These additional funds can be provided under Public Law 389 (80th Cong.) which authorizes the appropriation of \$597,000,000 for foreign aid. Of this authorization \$75,000,000 remains unappropriated.

Events which have taken place in Europe during recent weeks do not permit us with safety or prudence to risk a break in the supply

## 2 SUPPLEMENTAL ESTIMATE OF APPROPRIATIONS FOR FOREIGN AID

flow at this critical moment. I therefore hope that the Congress will find it possible to make available the needed funds before April 1.

The appropriation proposed will provide relief only for a very short period and extreme urgency remains for the earliest possible authorization of the European recovery program itself.

Respectfully yours,

HARRY S. TRUMAN.

EXECUTIVE OFFICE OF THE PRESIDENT,  
BUREAU OF THE BUDGET,  
*Washington 25, D. C., March 10, 1948.*

The PRESIDENT,  
*The White House.*

SIR: I have the honor to submit herewith for your consideration a supplemental estimate of appropriation for the fiscal year 1948 in the amount of \$55,000,000 for additional aid to France, Italy, and Austria, as follows:

### FUNDS APPROPRIATED TO THE PRESIDENT

#### FOREIGN AID

Foreign aid: For an additional amount, fiscal year 1948, for "Foreign aid," \$55,000,000, to be applicable to Austria, France, and Italy: *Provided*, That notwithstanding the provisions of section 15 of the Foreign Aid Act of 1947 (Public Law 389, Eightieth Congress), all funds appropriated for the purposes of such Act shall remain available for obligation for the procurement of commodities for a period of thirty days following the date of enactment of this Act.

This estimate of appropriation is to provide additional funds to meet the emergency needs of France, Italy, and Austria pending action of the Congress on the proposed European recovery program. These funds will permit the placement of orders for essential supplies for a brief interim period beyond that provided for by funds already appropriated under the Foreign Aid Act of 1947.

Funds hitherto appropriated under that act will not be adequate to cover necessary commitments for food, fuel, fertilizer, fibers, and medical supplies beyond March 31, 1948. It does not now appear prudent to assume passage by that date of authorization of a European recovery program. We are therefore faced with the prospect of a serious gap in the flow of supplies.

Since the proposed European recovery program was expected to cover the period to which this estimate is applicable the initial estimate of appropriation for that program will take into consideration any amount appropriated pursuant to this submission.

I recommend that the foregoing estimate be transmitted to the Congress.

Respectfully yours,

JAMES E. WEBB,  
*Director of the Bureau of the Budget.*

SUPPLEMENTAL ESTIMATE OF APPROPRIATION FOR THE  
DEPARTMENT OF THE INTERIOR

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COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

SUPPLEMENTAL ESTIMATE OF APPROPRIATION FOR THE FISCAL  
YEAR 1948 IN THE AMOUNT OF \$125,000 FOR THE DEPARTMENT  
OF THE INTERIOR

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MARCH 22, 1948.—Referred to the Committee on Appropriations and ordered to  
be printed

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THE WHITE HOUSE,  
*Washington, D. C., March 20, 1948.*

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: I have the honor to transmit herewith for the consideration of Congress a supplemental estimate of appropriation for the fiscal year 1948 in the amount of \$125,000 for the Department of the Interior.

The details of the estimate, the necessity therefor, and the reasons for the transmission at this time are set forth in the letter of the Director of the Bureau of the Budget, transmitted herewith, in whose comments and observations thereon I concur.

Respectfully yours,

HARRY S. TRUMAN.

EXECUTIVE OFFICE OF THE PRESIDENT,  
BUREAU OF THE BUDGET,  
*Washington, D. C., March 19, 1948.*

The PRESIDENT,  
*The White House.*

SIR: I have the honor to submit herewith for your consideration a supplemental estimate of appropriation for the fiscal year 1948 in the amount of \$125,000 for the Department of the Interior as follows:

DEPARTMENT OF THE INTERIOR

BUREAU OF INDIAN AFFAIRS

Welfare of Indians: For an additional amount, fiscal year 1948, for  
"Welfare of Indians"..... \$125,000

The purpose of this estimate is to provide urgent and needed relief for destitute Indians, particularly in the States of North and South Dakota. This assistance is required because of the unusually severe weather conditions prevailing in certain sections of the country. It is anticipated that this estimate together with funds now available will meet the relief requirements of the Bureau of Indian Affairs for the remainder of this fiscal year, unless further unforeseen emergencies arise.

I recommend that the foregoing estimate be transmitted to the Congress.

Respectfully yours,

FRANK PACE, Jr.,  
*Acting Director of the Bureau of the Budget.*

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# DIGEST OF CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
Division of Legislative Reports  
(For Department staff only)

Issued March 23, 1948  
For actions of March 22, 1948  
80th-2nd, No. 54

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HIGHLIGHTS: House Foreign Affairs Committee reported foreign-aid bill; Rules Committee cleared it. House passed additional appropriation for foreign aid pending enactment of ERP. Senate committee reported bill to provide Greece-Turkey aid. Senate passed tax-reduction bill. House committee reported road bill which includes authorizations for forest highways, roads and trails. House committee submitted report of investigations of personnel offices.

## HOUSE

1. FOREIGN AID. The Rule's Committee reported a resolution for consideration of S. 2202, the foreign-aid bill (p. 3281). The bill, as amended by the House Foreign Affairs Committee, authorizes \$5,300,000,000 for ERP (same amount as Senate version); \$60,000,000 for International Emergency Children's Fund, \$275,000,000 for primarily military-type aid to Greece and Turkey, \$150,000,000 for primarily military-type aid to China, and \$420,000,000 for primarily economic aid to China. The following were among the Committee changes in the Senate version:

Added authorization for the Administrator, with Presidential approval, to create a corporation through which he could act in carrying out his responsibilities. (However, the Committee report does not recommend use of such authority and states the Committee's opinion that "all the flexibility claimed for the corporate structure could be equally well secured by appropriate legislative provisions for an executive agency.")

Eliminated, from the authorization for the Administrator to delegate authority, the reference to heads of other departments and agencies.

(The Committee report says this was done because "the head of any existing department...already possesses the necessary authority and power.")

Included a requirement that the Public Advisory Board have representatives of agriculture, business, labor, and the professions.

Inserted a provision that, where procurement is from surplus Government stocks, the Administration be placed on the same priority basis as other Government agencies in the procurement of surpluses for their own use.



Included a provision that, while Government procurement would be authorized the bill would facilitate and maximize the use of private channels of trade, subject to safeguards to assure that expenditures in connection with such procurement are within approved programs and in accordance with the terms and conditions established by the Administrator.

Eliminated the provision dealing with guaranties to Western Hemisphere governments and to any persons in the Western Hemisphere.

Reduced the appropriation authorization for ERP by \$1 billion but added a provision for the obtaining of \$1 billion through issuance of notes as a public-debt transaction.

The Foreign Affairs Committee had reported the bill, as mentioned above, earlier in the day (H. Rept. 1584)(p. 3297).

Passed without amendment H. J. Res. 355, to appropriate \$55,000,000 additional for aid to Austria, France, and Italy; which had been reported by the Appropriations Committee earlier in the day (H. Rept. 1586)(pp. 3283-7). The committee report states that this amount "will be offset by reduction in funds to be made available under the European recovery program bill." During debate on this measure, Rep. Cannon, Mo., criticized "delay" in the foreign-aid program and charged "too little and too late" (p. 3284).

Rep. Vursell, Ill., criticized the Marshall Plan (pp. 3272-3).

2. FARM LABOR. Rep. Elliott, Calif., criticized picketing of DiGiorgio Farms, Calif., and inserted several statements and letters regarding this matter (pp. 3287-94).
3. OLEOMARGARINE TAXES. Reps. Lodge, Conn., and Rivers, S. C., urged repeal of these taxes (pp. 3273-4).
4. FOREIGN TRADE. Reps. Weichel, Ohio, and Cole, Mo., criticized exportation of machinery to Russia (pp. 3267-8).
5. INDEPENDENT OFFICES APPROPRIATION BILL. Reps. Wigglesworth, Phillips of Calif., Robertson, Coudert, Hendricks, Andrews of Ala., and Thomas of Tex. were appointed House conferees on this bill, H. R. 5214 (p. 3295). Senate conferees were appointed Mar. 15.
6. PERSONNEL. The Post Office and Civil Service Committee submitted a preliminary report, "Study of Personnel Offices in the Executive Departments and Agencies of the Government" (H. Rept. 1593)(p. 3297).
7. ROADS AUTHORIZATIONS. The Public Works Committee reported without amendment H. R. 5888, the proposed "Federal-Aid Highway Act of 1948" (H. Rept. 1594) (p. 3297). The bill includes the following authorizations for each of the fiscal years 1950, 1951, and 1952: Forest highways, \$25,000,000; forest roads and trails, \$12,500,000; highway program, \$500,000,000. It provides that 30% of the \$500,000,000 fund shall be used for secondary or feeder roads, including farm-to-market roads; that the term "secondary and feeder roads" shall include county and township roads; and that, in selecting county and township roads on which funds are to be expended, the State highway departments shall cooperate with township trustees and other appropriate local road officials.
8. TARIFF. The Ways and Means Committee reported without amendment H.R. 5553, extending until July 1, 1949, the period during which 9-inch newsprint may be imported duty free (H.Rept. 1590) (p. 3297).
9. TOBACCO TAXES. The Ways and Means Committee reported with amendments H.R. 5645, to assist States in collecting sales and use taxes on cigarettes (H.Rept. 1588)(p. 3297).



**NOTICE:** This joint resolution is given out subject to release when consideration of it has been completed by the Whole Committee. Please check on such action before release in order to be advised of any changes.

## [FULL COMMITTEE PRINT]

80TH CONGRESS  
2D SESSION

**H. J. RES.** 355

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### IN THE HOUSE OF REPRESENTATIVES

MARCH 22, 1948

Mr. TABER introduced the following joint resolution; which was referred to the Committee on Appropriations

---

## JOINT RESOLUTION

Making appropriations for foreign aid, welfare of Indians, and refunding internal-revenue collections.

- 1      *Resolved by the Senate and House of Representatives*  
2      *of the United States of America in Congress assembled,*  
3      That the following sums are appropriated, out of any money  
4      in the Treasury not otherwise appropriated, to supply de-  
5      ficiencies in certain appropriations for the fiscal year ending  
6      June 30, 1948, and for other purposes, namely:

J. 73252A

## 1 FUNDS APPROPRIATED TO THE PRESIDENT

## 2 FOREIGN AID

3 Foreign aid: For an additional amount for "Foreign  
4 aid", \$55,000,000, to be applicable to Austria, France, and  
5 Italy: *Provided*, That, notwithstanding the provisions of  
6 section 15 of the Foreign Aid Act of 1947 (Public Law  
7 389, Eightieth Congress), all funds appropriated for the  
8 purposes of such Act shall remain available for obligation  
9 for the procurement of commodities for a period of thirty  
10 days following the date of enactment of this Act.

## 11 DEPARTMENT OF THE INTERIOR

## 12 BUREAU OF INDIAN AFFAIRS

13 Welfare of Indians: For an additional amount for "Wel-  
14 fare of Indians", \$125,000.

## 15 TREASURY DEPARTMENT

## 16 BUREAU OF INTERNAL REVENUE

17 Refunding internal-revenue collections: For an addi-  
18 tional amount for "Refunding internal-revenue collections",  
19 \$500,000,000.



80TH CONGRESS  
2D Session

**H. J. RES.**

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## **JOINT RESOLUTION**

Making appropriations for foreign aid, welfare of Indians, and refunding internal-revenue collections.

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By Mr. TABER

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MARCH 22, 1948

Referred to the Committee on Appropriations



80TH CONGRESS  
2D SESSION

# H. J. RES. 355

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IN THE HOUSE OF REPRESENTATIVES

MARCH 22, 1948

Mr. WIGGLESWORTH introduced the following joint resolution; which was referred to the Committee on Appropriations

---

## JOINT RESOLUTION

Making appropriations for foreign aid, welfare of Indians, and refunding internal-revenue collections.

1       *Resolved by the Senate and House of Representatives*  
2       *of the United States of America in Congress assembled,*  
3       That the following sums are appropriated, out of any money  
4       in the Treasury not otherwise appropriated, to supply de-  
5       ficiencies in certain appropriations for the fiscal year ending  
6       June 30, 1948, and for other purposes, namely:

7       FUNDS APPROPRIATED TO THE PRESIDENT

8                               FOREIGN AID

9       Foreign aid: For an additional amount for "Foreign  
10      aid", \$55,000,000, to be applicable to Austria, France, and  
11      Italy: *Provided, That,* notwithstanding the provisions of

1 section 15 of the Foreign Aid Act of 1947 (Public Law  
2 389, Eightieth Congress), all funds appropriated for the  
3 purposes of such Act shall remain available for obligation  
4 for the procurement of commodities for a period of thirty  
5 days following the date of enactment of this Act.

6 DEPARTMENT OF THE INTERIOR

7 BUREAU OF INDIAN AFFAIRS

8 Welfare of Indians: For an additional amount for "Wel-  
9 fare of Indians", \$125,000.

10 TREASURY DEPARTMENT

11 BUREAU OF INTERNAL REVENUE

12 Refunding internal-revenue collections: For an addi-  
13 tional amount for "Refunding internal-revenue collections",  
14 \$500,000,000.



86TH CONGRESS  
2D Session

# H. J. RES. 355

## JOINT RESOLUTION

Making appropriations for foreign aid, welfare of Indians, and refunding internal-revenue collections.

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By Mr. WIGGLESWORTH

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MARCH 22, 1948

Referred to the Committee on Appropriations



## APPROPRIATIONS FOR FOREIGN AID, WELFARE OF INDIANS, AND TAX RETURNS

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MARCH 22, 1948.—Committed to the Committee of the Whole House on the  
State of the Union and ordered to be printed

---

Mr. WIGGLESWORTH, from the Committee on Appropriations, sub-  
mitted the following

### REPORT

[To accompany H. J. Res. 355]

The Committee on Appropriations, to which was referred the House Joint Resolution 355, making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1948, and for other purposes, reports the same to the House with the recommendation that the joint resolution be passed.

The estimates upon which the resolution is based are contained in House Documents 502, 565, and 572.

#### FOREIGN AID

This item, \$55,000,000, for aid to Austria, France, and Italy, is authorized by Public Law 389 of the Eightieth Congress. For these purposes, a total of \$597,000,000 was authorized and of that amount \$522,000,000 was appropriated in the third supplemental appropriation bill signed by the President on December 23, 1947. The State Department advises that it is necessary to appropriate the additional amount of \$55,000,000 in order to meet urgent needs between the date when the appropriation of \$522,000,000 will have been exhausted, about March 25, and the date when funds will become available under the European recovery program bill. The committee is also informed by the State Department that the amount of \$55,000,000, appropriated in the accompanying resolution, will be offset by reduction in funds to be made available under the European recovery program bill.

## WELFARE OF INDIANS

The extraordinarily severe weather during this winter has made unanticipated inroads on funds available for relief of needy Indians. There are now a number of extremely acute situations for which funds are urgently required. The committee has received a budget estimate of \$125,000 for this purpose and is convinced that if real suffering, and possibly outright starvation, is to be avoided, the sum must be appropriated immediately.

## REFUNDS OF INTERNAL REVENUE COLLECTIONS

For the fiscal year 1948 an appropriation of \$1,231,000,000 was made for refunds of overpayment of taxes. Expenditures to December 31 total \$404,000,000 and as of March 11, \$697,000,000 had been disbursed or scheduled to the disbursing offices for payment since December 31, making a total for the year as of that date of \$1,101,000,000. Claims in the amount of \$107,000,000 were scheduled to the 26 disbursing offices in the field during the week ending March 11. If that rate continued, \$21,000,000 per day, enough claims would have been scheduled to the disbursing offices by the close of business on March 19 to exhaust the entire appropriation. Departmental officials state that the rate is increasing, inasmuch as during the week ending March 4 claims to the amount of \$91,000,000 were processed. There is a several days' lag between the scheduling and the actual issuance of checks by disbursing officers and it appears that the entire fund will have been expended before the end of March.

The committee has under consideration a deficiency estimate of \$800,000,000. The rate of expenditure has increased rapidly during recent weeks and is in excess of the rate for comparable periods in previous years so that it is not now possible for the committee to determine just what amount may be required. Therefore the committee recommends an appropriation of \$500,000,000 to meet immediate needs. The whole problem will be studied in connection with the general deficiency bill to be reported to the House within a short time. Now that all tax returns for 1947 have been filed, current data can be developed very soon and the committee should be in a position to estimate accurately requirements for the remainder of the year.



Union Calendar No. 739

80TH CONGRESS  
2D SESSION

# H. J. RES. 355

[Report No. 1586]

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 22, 1948

Mr. WIGGLESWORTH introduced the following joint resolution; which was referred to the Committee on Appropriations

MARCH 22, 1948

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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## JOINT RESOLUTION

Making appropriations for foreign aid, welfare of Indians, and refunding internal-revenue collections.

1      *Resolved by the Senate and House of Representatives*  
2      *of the United States of America in Congress assembled,*  
3      That the following sums are appropriated, out of any money  
4      in the Treasury not otherwise appropriated, to supply de-  
5      ficiencies in certain appropriations for the fiscal year ending  
6      June 30, 1948, and for other purposes, namely:

7      FUNDS APPROPRIATED TO THE PRESIDENT

8                      FOREIGN AID

9      Foreign aid: For an additional amount for "Foreign  
10      aid", \$55,000,000, to be applicable to Austria, France, and

1 Italy: *Provided*, That, notwithstanding the provisions of  
2 section 15 of the Foreign Aid Act of 1947 (Public Law  
3 389, Eightieth Congress), all funds appropriated for the  
4 purposes of such Act shall remain available for obligation  
5 for the procurement of commodities for a period of thirty  
6 days following the date of enactment of this Act.

7 DEPARTMENT OF THE INTERIOR

8 BUREAU OF INDIAN AFFAIRS

9 Welfare of Indians: For an additional amount for "Wel-  
10 fare of Indians", \$125,000.

11 TREASURY DEPARTMENT

12 BUREAU OF INTERNAL REVENUE

13 Refunding internal-revenue collections: For an addi-  
14 tional amount for "Refunding internal-revenue collections",  
15 \$500,000,000.





80<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. J. RES. 355**

[Report No. 1586]

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## JOINT RESOLUTION

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Making appropriations for foreign aid, welfare of Indians, and refunding internal-revenue collections.

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By Mr. WIGGLESWORTH

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MARCH 22, 1948

Referred to the Committee on Appropriations

MARCH 22, 1948

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liberty was threatened, has been "when law stops, tyranny starts."

It is a struggle that has faced mankind many times in the past. It is the battle that faces the world today. It is the issue the people and the voters of Italy in the coming election must face in the next few weeks.

The entire world of those who stand for law and progress, for the dignity of man, and the sacredness of the family life, as well as those who stand for totalitarianism and tyranny and the destruction of the dignity of the individual and of the family life, are watching with the greatest of interest—yes; more than interest—the outcome of this election.

It is hoped that the people of Italy will detect and repudiate the voices and the appeals of the false prophets in their midst, and that they will repudiate those who seek to have Italy turn its back on its classic heritage and its noble institutions which have contributed so much to the progress of mankind. This heritage and these institutions are just as essential to the world of tomorrow as their contributions have been to the world in the past 2,000 years.

Italy has been the leader in creating the western civilization. Its leadership in our culture and our way of life, particularly from the spiritual aspect, goes back 2,000 years.

During that period of time, Italy has been subjected to many alien attacks on its spiritual leadership of the western civilization, but its people have never failed in such a crisis. They have always responded to the test and never failed; they always kept their faith in God and His laws.

The people of Italy are again being tested. I cannot picture them turning their backs on 2,000 years of leadership and steadfastness and turning from the universal religious nation of the western world to being the "tail of the kite" and the enslaved state of atheistic communism.

The people of Italy, at least, have some kind of a free election afforded them. Such was denied to Lithuania, Estonia, Latvia, Poland, Yugoslavia, and other countries under the domination of Communist Soviet Russia.

The Italians have the opportunity of defeating this alien ideology so foreign to their history, their traditions, and so destructive of their future.

In the efforts of Italy and its people to rehabilitate and reconstruct their country, the United States has played a very important part to date, and since VE-day we have spent over \$2,000,000,000 for food, raw materials, coal, minerals, and so forth, for Italy. We shall continue to do so if there is a government in Italy that stands for law and human dignity.

The people of America have a strong feeling of friendship for the people of Italy, and we know the people of Italy have a strong friendship for us. This is a natural friendship, a traditional bond between our two peoples.

There is no such relationship between the people of Italy and the people of Communist Russia. There has existed through the years a traditional friendship between our two countries. We in the

United States, and particularly those Americans of Italian blood sincerely hope and pray that the people of Italy will show in the coming election that between Communist Russia and free America they prefer to stand with America.

The United States seeks to help the people of Italy. We seek to build, not destroy. Our policy is the policy of peace, the only way that peace can be brought about. We have clearly indicated that we want to build, not destroy.

The purpose and objectives of Communist Russia is to destroy, and that has been clearly indicated by the fact of a large number of unfortunate nations which have fallen under Russian domination to date. If the people of Italy vote for a Communist government, they are in fact voting for Russian Communist domination of their government and of themselves.

They are voting for their own destruction.

If the people of Italy defeat the Communists at the polls and the Communists should attempt civil war, the United States, and other countries outside of the so-called iron curtain, such as Great Britain, will and, in my opinion, cannot and must not permit such efforts to prevail.

Liberty under law is the right each person possesses in accordance with the moral law. Liberty is a moral right. It is being threatened by an alien ideology that denies the existence of the moral law and it is being directly tested in the Italian elections. As on past occasions, when this same issue presented itself to the people of Italy, they met it successfully. The decent peoples of the world still look with hope and expectancy to Italy and its people to again meet the challenge successfully.

A defeat of communism means a strengthened continuance of the traditional bonds of friendship between the people of America and the people of Italy.

Mr. HARRIS. Mr. Speaker, I do not believe the gentleman from Illinois or anyone has explained the bill.

Mr. DIRKSEN. I do not know whether it was explained while I was in the cloakroom responding to a telephone call or not.

Mr. HARRIS. May we have an explanation of the bill by the gentleman from California?

Mr. ALLEN of California. Mr. Chairman, the bill H. R. 4636 has for its purpose conferring upon the Commission on Licensure the authority to license without examination persons who in addition to other requirements have been issued a certificate or diploma by a national examining board. The practice in some 43 States is to admit those who wish to engage in the healing arts on examination and certificate by such a board.

The practice has been in the District to request the national board to furnish both the questions and the answers of some applicant who has taken that examination, then adopt the examination for the District.

The Commissioners now ask that the pending bill be enacted, which would give the Commissioner on Licensure the

right to take the certificate of a national examining board rather than to examine the examination papers themselves. This will bring the practice in the District in line with the practice in 43 or more States and is recommended to us by the District health officer, the District medical society, and the District Corporation counsel.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### APPROPRIATIONS FOR FOREIGN AID, WELFARE OF INDIANS, AND TAX RETURNS

Mr. WIGGLESWORTH. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Joint Resolution 355, making appropriations for foreign aid, welfare of Indians, and refunding internal-revenue collections.

The Clerk read the title of the resolution.

The SPEAKER pro tempore (Mr. MICHENER). Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. WIGGLESWORTH. Mr. Speaker, I ask unanimous consent that the resolution be considered in the House as in the Committee of the Whole.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

Mr. CANNON. Mr. Speaker, reserving the right to object, I take for granted that there is no disposition to curtail debate on this side of the aisle or to restrict the offering of amendments.

Mr. WIGGLESWORTH. Mr. Speaker, this bill is a very brief one, and I hope we can proceed with dispatch and to dispose of it quickly in view of the fact that the time element enters into the picture very materially. There is no disposition to shut off amendments.

Mr. CANNON. Mr. Speaker, with that understanding I have no objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Clerk read as follows:

*Resolved, etc.,* That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1948, and for other purposes, namely:

#### FUNDS APPROPRIATED TO THE PRESIDENT FOREIGN AID

Foreign aid: For an additional amount for "Foreign aid," \$55,000,000, to be applicable to Austria, France, and Italy: *Provided*, That, notwithstanding the provisions of section 15 of the Foreign Aid Act of 1947 (Public Law 389, 80th Cong.), all funds appropriated for the purposes of such act shall remain available for obligation for the procurement of commodities for a period of 30 days following the date of enactment of this act.

Mr. CANNON. Mr. Speaker, I wonder if the gentleman from Massachusetts would let us have a general statement on the bill and explain it generally before we take it up for amendment?



Mr. WIGGLESWORTH. I shall be very glad to do so, Mr. Speaker.

The bill, as you will note, makes provision for three items and for three items only.

The first item makes available further interim funds for foreign aid, the purpose being to provide for the period between about the end of the week and the date when the long-range program goes into effect, the funds being provided here with the understanding that the equivalent may be deducted from the first year's appropriation under the long-range plan. The appropriation will eliminate any loss of time in the placing of orders.

The second item is an item for \$125,000 for the welfare of Indians, the very heavy winter in the West having created a critical situation there for which there is no money available at this time.

The third item makes available additional funds for refunding Internal Revenue collections, the amount of funds available for scheduling for this purpose having just about been exhausted at this time.

The three items have been lifted out of a great many items which the Committee on Appropriations has had under consideration in connection with the deficiency bill which will soon be reported to the House. They have been lifted out and submitted to the House for its consideration at this time, because in each instance it appears imperative to make the funds provided for available immediately.

Under leave to extend my remarks, I include at this point in the RECORD extracts from the committee report:

#### FOREIGN AID

This item, \$55,000,000, for aid to Austria, France, and Italy, is authorized by Public Law 389 of the Eightieth Congress. For these purposes, a total of \$597,000,000 was authorized and of that amount \$522,000,000 was appropriated in the third supplemental appropriation bill signed by the President on December 23, 1947. The State Department advises that it is necessary to appropriate the additional amount of \$55,000,000 in order to meet urgent needs between the date when the appropriation of \$522,000,000 will have been exhausted, about March 25, and the date when funds will become available under the European recovery program bill. The committee is also informed by the State Department that the amount of \$55,000,000, appropriated in the accompanying resolution, will be offset by reduction in funds to be made available under the European recovery program bill.

#### WELFARE OF INDIANS

The extraordinarily severe weather during this winter has made unanticipated inroads on funds available for relief of needy Indians. There are now a number of extremely acute situations for which funds are urgently required. The committee has received a budget estimate of \$125,000 for this purpose and is convinced that if real suffering, and possibly outright starvation, is to be avoided, the sum must be appropriated immediately.

#### REFUNDS OF INTERNAL REVENUE COLLECTIONS

For the fiscal year 1948 an appropriation of \$1,231,000,000 was made for refunds of overpayment of taxes. Expenditures to December 31 total \$404,000,000 and as of March 11, \$697,000,000 had been disbursed or scheduled to the disbursing offices for payment since December 31, making a total for the year as of that date of \$1,101,000,000. Claims in the

amount of \$107,000,000 were scheduled to the 26 disbursing offices in the field during the week ending March 11. If that rate continued, \$21,000,000 per day, enough claims would have been scheduled to the disbursing offices by the close of business on March 19 to exhaust the entire appropriation. Departmental officials state that the rate is increasing, inasmuch as during the week ending March 4 claims to the amount of \$91,000,000 were processed. There is a several days' lag between the scheduling and the actual issuance of checks by disbursing officers and it appears that the entire fund will have been expended before the end of March.

The committee has under consideration a deficiency estimate of \$800,000,000. The rate of expenditure has increased rapidly during recent weeks and is in excess of the rate for comparable periods in previous years so that it is not now possible for the committee to determine just what amount may be required. Therefore the committee recommends an appropriation of \$500,000,000 to meet immediate needs. The whole problem will be studied in connection with the general deficiency bill to be reported to the House within a short time. Now that all tax returns for 1947 have been filed, current data can be developed very soon and the committee should be in a position to estimate accurately requirements for the remainder of the year.

Mr. CANNON. Mr. Speaker, this bill is just another instance of too little, if not too late, and in some respects, some of it is already too long deferred.

That is especially true of the first item, the appropriation for foreign aid. We were told when the original appropriation came up under the authorization for foreign aid, that more money would be required than was appropriated, but the committee insisted on cutting down the amount in order to make a record of economy, and now we have to come back and make further provision for the money which should have been provided originally.

As a matter of fact, it is unfortunate that it is necessary at this late date to provide the money at all. The Marshall plan bill should have been passed long ago, and if the Marshall appropriation, from which this money is to be deducted, had been passed when it should have been passed, the situation abroad would be less tense than it is today.

Much of the rapidly growing unrest abroad is due to the insistent propaganda spread by Russian insistence over the air that America has never intended and ultimately does not intend to supply the relief provided by this bill, and that we were merely making promises we could not carry out—and would not carry out.

The unwarranted delay in carrying out our commitments and providing this money has been cited by Russia as corroboration of their charges of insincerity. And as a result the Communist campaign, in Italy especially, has gained momentum and the anti-Communist government in power has lost ground so steadily that the loss of the national elections set for April 18 by the De Gasperi government was becoming more and more probable. Only the brilliant diplomacy of Secretary Marshall and President Truman in advocating the cession of Trieste to Italy has relieved the situation. The money originally provided was too little. Let us hope that this belated appropriation of supplementary funds is not too late.

As to the second appropriation, the appropriation for Indian relief, the testimony is not conclusive.

There was some question in the committee as to whether the testimony submitted justifies either the procedure or the amount.

Like the preceding item, it comes belatedly. It should have been provided in the last deficiency appropriation bill, if provided at all. Spring is now at hand and the worst of the winter is over.

In the last item of the bill, Mr. Speaker, we are again on familiar ground. This item is further and even more striking and convincing evidence of the "too little and too late" policy followed by this Congress in providing for the minimum needs of the Government. It was thoroughly demonstrated when the bill came up in the last session that \$800,000,000 at least would be needed to make refunds of overpayments of taxes. Nothing would have been lost by including it then. Notwithstanding the convincing presentation made at that time, the accuracy of which is conceded in the report accompanying the pending bill, the committee insisted on cutting off \$800,000,000 and listing it as a saving. Now the chickens have come home to roost, and it is up to us now, under the spur of the emergency, to make the appropriation which should have been made originally.

The committee has insisted on taking two bites at the cherry, and if we have to make an additional appropriation for tax refunds in the regular deficiency bill which will be reported the last of this week, we will take three bites at the cherry. Then if this full amount is not sufficient, as now seems probable, we shall have to take four bites at the cherry.

In brief, we have not only had to hash and rehash this routine item over and over again and waste the time of the committee and the Department and the House to no advantage; we have not only broadcast over the country a false impression of saving \$800,000,000 when we were saving nothing at all; but we have had to meet the deadline of April 1 and perhaps future deadlines, or put the Government to the expense of paying 6 percent on all refunds which this unnecessary and unwarranted depletion of funds made necessary.

This hurry-up-to-meet-the-deadline joint resolution, Mr. Speaker, might well be entitled the "Too Little and Too Late Bill."

The Clerk read as follows:

#### DEPARTMENT OF THE INTERIOR

##### BUREAU OF INDIAN AFFAIRS

Welfare of Indians: For an additional amount for "Welfare of Indians," \$125,000.

##### INDIAN WELFARE NEEDS

Mr. CASE of South Dakota. Mr. Speaker, the appropriation of \$125,000 for "Welfare of Indians" is included in this emergency bill to meet the critical needs which have arisen on some of the reservations in the northern Great Plains area, arising primarily, out of the extraordinarily long and severe winter. Testimony brought before us by the Office of Indian Affairs stressed the hardship on



the reservations in North and South Dakotas, confirming reports which had come to me personally of the suffering that is taking place.

The committee without exception was sympathetic to the proposition of providing what was really needed.

They were just as unanimous, I think, however, in condemning the attitude reported that volunteer gifts of food and clothing were discouraged by officials of some reservations. Robert Lee, State editor of the Rapid City (S. Dak.) Daily Journal, wrote me:

I can definitely state that agency officials discouraged relief supplies—voluntary gifts—and that one superintendent told me funds had often been given to needy Indians who were able to work, but unable to find work, only to later discover these funds were not spent on food and clothing. He then said Rapid City and Custer would have been more helpful if its citizens had written our South Dakota congressional delegation and urged them to help get higher appropriations for the Indians.

Of course, Mr. Lee, as well as members of the committee, wondered if indeed it were not better to give food and clothing than to give cash if the cash-relief grants sometimes were not spent for food and clothing.

That line—that people should write the congressional delegation urging higher appropriations—is one with which Congress is becoming quite familiar. Entirely apart from the question of whether a Government official may legally lobby for appropriations, the practice is reprehensible.

Government officials have a proper and direct line for reporting the need for additional funds in any field of administration. It is through their own agency of Government.

And I think, Mr. Speaker, that it should be noted for the RECORD, that this item of \$125,000 was acted upon by the Appropriations Committee within a day after the budget request was before us. We conducted hearings Saturday morning, and the item was included in this emergency bill reported to the full committee this Monday morning, and now being passed by the House this Monday afternoon. The prompt response by our committee and the House of Representatives will be noted and appreciated.

Mr. STEFAN. Mr. Speaker, what has been said regarding Indians in South and North Dakota can in many ways be related to conditions among the Indians in Nebraska. The Winnebago, Omaha, Ponca, Santee-Sioux reservations are in my congressional district. There are about 5,000 Indians on those reservations and about 1,000 additional Indians come and go. Many of these Indians participated as soldiers and sailors during the last war. Many of them worked in war plants. These plants now having closed down resulted in many of the Indians losing their jobs and they have returned home. Recent reduction in farm prices also resulted in many of the Indians losing their jobs as farm hands. So we find quite a few of them without employment. I have been assured that of the \$126,000 requested here for relief and welfare some will be available for the immediate needs

on the reservations to which I have referred. I wish to assure the House this amount is needed.

The Clerk read as follows:

TREASURY DEPARTMENT  
BUREAU OF INTERNAL REVENUE

Refunding internal-revenue collections: For an additional amount for "Refunding internal-revenue collections," \$500,000,000.

Mr. GORE. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GORE: On page 2, line 19, strike out the figure "\$500,000,000" and insert "\$800,000,000."

Mr. GORE. Mr. Speaker, I am sure my colleagues will remember the blare and constancy of predictions and publicity last year about how the budget was going to be slashed, or cut or "meat axed." The House even went so far as to formally pass a resolution to reduce the budget by \$6,000,000,000.

Beyond the resolution stage, however, the going became tough and the vaunted economy drive bogged down.

One big reduction was made, however. From the budget for one small agency \$800,000,000 was cut. Eight hundred million dollars is a lot of money and particularly a lot of money to be cut from one agency and from one single purpose. This one slash was larger than the combined reductions made in the Departments of Agriculture, Interior, State, Justice, Post Office, and Navy, plus several independent agencies. So you can see that the Republican leaders were really swinging their axes wildly and cutting deeply when they reached this item.

By such a large reduction one would think that surely a major agency of government had been abolished. But strange as it may seem, no bureaucratic agency was abolished; not one bureaucrat was severed from the public pay roll; and stranger still, not one taxpayer's dollar was saved. But the distinguished gentleman from New York [Mr. TABER] listed it as the largest reduction made by Congress last year.

This tremendous cut, the largest by all odds made by the Republican Congress, was made in money to pay tax refunds.

It was with no avail that some of us warned that this was a "phony" claim to economy, that not one dollar would be saved by it, and predicted that our Republican friends would be bringing in a deficiency appropriation bill providing funds to make tax refunds. If by some mistake you and I or some other taxpayer make an overpayment of our taxes, we are entitled to have that amount repaid to us and promptly. Several million people have just claims for refunds and I doubt if this Congress wants to deny or delay them.

Now what is the situation today? According to the committee report, which has just been corroborated by the statement of the chairman of the subcommittee, the Internal Revenue is now without monies to make further tax refunds. This is an intolerable situation. So we have this bill make an emergency appropriation of \$500,000,000 for tax refunds. This, however, is still inadequate. I regret that the hearings be-

fore the subcommittee are not available in order that the membership might know just what the Internal Revenue Bureau officials testified to regarding this item. Being without that knowledge, I telephoned the Bureau this morning and was informed that they fully anticipate needing every dollar of the \$800,000,000 which has been requested. Indeed, Mr. Speaker, the indications are, as I see it, that more than the \$800,000,000 will be needed rather than less. The Bureau officials told me further that \$600,000,000 would be needed for disbursement in the month of April. We are left in the anomalous position of passing an emergency appropriation bill in the amount of \$500,000,000 when we are advised that at least 600,000,000 will be needed next month alone. Unless we appropriate sufficiently now, it will be necessary for us to consider another emergency appropriation bill almost immediately in order not to interfere with prompt payment of tax refunds. I have offered an amendment to increase the appropriation from \$500,000,000 to \$800,000,000. I hope it is adopted.

The distinguished gentleman from Missouri has referred to this as taking two or three or more bites at the cherry. That is an apt illustration. The passage of this bill by my Republican friends, however, is a diet something more unpalatable than cherries. It is eating legislative crow.

The SPEAKER. The time of the gentleman from Tennessee [Mr. GORE] has expired.

Mr. GORE. Mr. Speaker, I ask unanimous consent to proceed for five additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. GORE. I recognize that this is a day of high prices and that substitutes for high-priced items are in order. Some substitutes have proven fairly satisfactory, but this business of eating crow, as the Republican majority is doing today, in presenting this urgent deficiency appropriation for tax refunds, has been tried down through the ages without success. Cooks have tried various condiments and concoctions but they have not yet found a way to make it savory or palatable.

In the first place, I might warn my Republican colleagues, whose appearances even now suggest dyspeptic symptoms, that crow definitely is not good for human consumption. In the first place, it is tough. One must chew it and chew it and still chew it some more before summing up sufficient courage to swallow it. And yet it does not taste good, either. In fact, from my limited experience eating it, I can testify that it is quite unpleasant and the more one chews it the worse it gets. Nevertheless, since one is obligated to chew it a long time before his courage to go through with the act is sufficiently steeled, there is no way to avoid progressive unpleasantness. To be sure, a great deal of fortitude of the intestinal variety or plain necessity is required to eat crow.



It is a little hard to digest, too. Serious cases of dyspepsia have been known to result with various and sundry pains to the anatomy, particularly pains in the neck.

The effect is the same, whether the crow is eaten literally or figuratively.

Mr. Speaker, I do not believe my colleagues on the other side of the aisle really enjoy eating crow. What I cannot understand is why they want to force themselves to have a second helping of this unsavory bird. Unless sufficient appropriation is now made to make tax refunds, they will have to go to the doctor the second time. I am not a physician but I think I can give you the prescription that any competent physician would prescribe either as a cure or a preventative. It is sound and sensible fiscal policy, without sleight-of-hand book-keeping or other efforts to mislead the people.

Mr. CANFIELD. Mr. Speaker, will the gentleman yield?

Mr. GORE. I yield.

Mr. CANFIELD. I just wanted to ask the gentleman if he will be good enough, since he is writing prescriptions, to tell us why he has been suffering from a Charley horse for the last 3 weeks.

Mr. GORE. Trying to keep up with the various irresponsible meanderings of the Republican gentleman's party on fiscal policy. The curves were too sharp and it jerked a serious Charley horse. But I have recovered and I am still on your trail.

Indeed, my mental processes have been put to sore test, especially by this procedure. When the gentleman's committee brought in the bill making appropriations for tax refunds last year, the report alleged that less money would be needed for tax refunds because taxes were going to be reduced. But only last week the gentleman said that this year his committee was deferring consideration of the item for tax refunds until after action was taken on tax reduction because if taxes were reduced more money would have to be appropriated for tax refunds. Is it any wonder that any Member would have a Charley horse, mental or physical, trying to follow that sort of reasoning?

Again, I ask you, why do you want to repeat your farcical procedure? You know, you admit in your report that more money will be needed, and it will be needed before next month is out, and you will be in with another urgent deficiency—a second helping of crow.

I offer this amendment in order that we may act sensibly and sanely and quit trying to mislead the American people. If delaying tax refunds has any effect at all it will increase expenditures because we have to pay 6 percent on overpayments not refunded. There is no question of economy here. I have sought to change this 6-percent requirement but to no avail.

I hope that the majority will not add to the deficiencies of legislative skill which it reveals in seeking deficiency appropriations of this type by repeating the mistake which brought the pending bill before the House.

Mr. Speaker, I call upon my colleagues of the majority to abandon their policy

of deficiency just this once for the policy of efficiency.

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent to extend my remarks following the consideration of that paragraph relating to the welfare of Indians and to include therein some excerpts from material offered during the hearings on this bill before the deficiency subcommittee.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. STEFAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD following the gentleman from South Dakota, as above indicated.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. DIRKSEN. Mr. Speaker, I rise in opposition to the amendment and ask unanimous consent to proceed for five additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER. The gentleman from Illinois is recognized for 10 minutes.

Mr. DIRKSEN. Mr. Speaker, I am always edified by the anatomical and medical disquisitions of my genial friend from Tennessee. He reminds me somewhat of a medical student I knew way back in the days when I was in college. He had become very adept in surgery but he knew nothing of anatomy; and so he is trying a surgical operation without anatomical preparation to pave the way.

I doubt very much if I would interpose in this discussion if it were not for the purpose of keeping the record straight. Let me direct your attention first to the observation of my esteemed friend the gentleman from Missouri [Mr. CANNON]. He said that the operation of the Subcommittee on the Treasury and the Post Office in dealing with tax refunds was wholly on a guessing basis. As a matter of fact, the guessing was on the side of the Treasury Department, and if anyone cares to go back and examine the responses to the questions and carefully explore the hearings he will discover that one question after another—and very direct questions indeed—were addressed to the research experts of the Treasury Department and to the bureau officials. We asked them in relation to this estimate for refunds: "How did you get the amount?" Well, it was just that, it was based on experience; but at long last there came that \$64 response, it was a guess. We tried to get the details, how was it compounded, how did they make it up, how many returns did they examine, can you not give us some indication? You know a child in school after arriving at the answer to an arithmetic problem will nearly always be asked by the teacher: "Now, tell us how you arrived at the solution of this problem?" And that is all that we were asking for at the hearing; but there was not an iota or scintilla of evidence or testimony to indicate that it was one thing more than a guess. They estimated the amount needed and

came down with this amount. Consequently, the Subcommittee on the Treasury and the Post Office was eminently justified on the basis of the testimony in making its own estimate of the amounts needed.

Mr. WIGGLESWORTH. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. WIGGLESWORTH. I call the committee's attention to the fact that the sums actually expended in the first 6 months of the fiscal year amounted to \$404,000,000, or about one-third of the funds made available for the period of 12 months.

Mr. DIRKSEN. That is exactly correct.

Let us look at this bill for a moment. The tax-refund appropriation became available on July 1, 1947, and in the normal course of the next year would be exceeded or expended or there would be a deficiency by June 30, 1948. Now, then, the same bureau personnel was there all the while from July 1, 1947, until the present time. So it is to be assumed as a reasonable figure that they addressed themselves to the business of estimating the amount of refunds and then the amount of overpayment. In the 24- or 25-week period from July 1, until December 31, they show you \$404,000,000 or, roughly, \$65,000,000 a month for the first 6 months of the present fiscal year since January 1. They have now jumped up to \$70,000,000 a week. Now, you know, that is lavishness, that is generosity, indeed, in handling that money. The contention I made in the full committee meeting this morning, and the contention I reaffirm to you now, is that I would like to see the subcommittee take another look at this whole matter. How strange it is that in the first 6 months of the fiscal year, we were disbursing on schedule \$65,000,000 a month, but since January 1, we have been disbursing \$70,000,000 a week, and they expected to push that up to \$100,000,000 a week.

Now, I would not for a moment directly or indirectly reflect upon the operations of that Department. But surely this change of pace merits more exploration than this matter has received.

There is another reason why I would like to see this Deficiency Committee take another look. It is a rather strange thing that 5 percent of all the taxes goes back in the form of refunds. That is a rather extraordinary situation. What is wrong? It should be substantially less. I will tell you what is wrong. Under existing law, from the day that you overpay on your income-tax return, you get 6 percent on the money that is returned to you. Show me a bank that can equal that as a source of investment. Show me any municipal bonds on which you can get 6 percent today. Show me any corporate bonds on which you can get 6 percent. But Uncle Sam will pay you 6 percent on the overpayment. It is just barely possible, of course, that there are some folks in the country who think it is a great idea to overpay Uncle Sam and get this 6 percent, twice as much as you can get in the bond market, and certainly more than you can get on the stock market today.



I would like to have them take a look at the interest rate and at the overpayments, because I fancy that in proportion as this 6 percent is eliminated or cut down, the overpayments will decrease and the operation of this Government so far as the Treasury Department is concerned will be improved.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Why does the Treasury pay 6 percent on these overpayments?

Mr. DIRKSEN. I presume the reason is that nobody has bothered as yet to go into the matter. I made a proposal some years ago to explore it; but it has carried on year after year. If you cannot charge it to anything else, you might charge it to the inertia of the Congress itself.

Mr. CRAWFORD. It seems to me that the liability rests right here.

Mr. DIRKSEN. Definitely.

Mr. CRAWFORD. It rests in this branch of the Congress first, and we should start on an appropriation bill, if necessary, in order to prevent the payment of that interest. There is no question but what people overpay their taxes in order to get the 6 percent. Why should we not all do it if that is the way the game is to be played?

Mr. DIRKSEN. So, Mr. Speaker, I respectfully suggest to the House that the amendment offered by the gentleman from Tennessee be rejected.

The bill provides \$500,000,000 with which to operate. The committee did set out very explicitly in its report that it is going to have another hearing. So there are some things that ought to be carefully explored in order that all the facts may be adduced. It is a question of having a better look, rather than taking one bite out of a cherry or two bites or three bites. I am glad to take a half dozen bites at the cherry if it will be in the interest of John Q. Public and the taxpayers of the country.

Mr. Speaker, I respectfully suggest that the amendment be voted down with gusto.

Mr. WIGGLESWORTH. Mr. Speaker, I ask unanimous consent that all debate on the pending amendment and all amendments thereto do now close.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Tennessee [Mr. GORE].

The question was taken; and on a division (demanded by Mr. GORE) there were—ayes 16 and noes 57.

So the amendment was rejected.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

(Mr. WIGGLESWORTH asked and was given permission to revise and extend his remarks and include a statement from the committee report.)

#### AMENDING INTERNAL REVENUE CODE

Mr. MARTIN of Iowa. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 5065) to amend section 1700 (a) (1) of the Internal Revenue Code so as to exempt hospitalized servicemen and veterans from the admissions tax when admitted free.

The Clerk read the title of the bill.

Mr. MARTIN of Iowa. Mr. Speaker, this bill has been approved unanimously by the Committee on Ways and Means.

This bill would exempt from payment of the present 20-percent admissions tax levied under section 1700 (a) (1) of the Internal Revenue Code, free admissions furnished to hospitalized service personnel and veterans hospitalized in any Government hospital or institution. Thus, it restores, in part, an exemption from this tax which was applicable during the war period in the case of free admissions to military and naval personnel when in uniform, limiting the exemption, however, to free admissions in the case of a particular class of service personnel and veterans.

The general effect of the bill will be to permit many thousands of hospitalized service personnel and veterans to attend a wide variety of sporting events, entertainments, and other educational and recreational functions through the courtesy of free-admission privileges. These privileges, however, to qualify as a basis for the exemption under this bill, must be extended by the operator of the place to which admission is otherwise charged. In view of the fact that the season for many highly enjoyable outdoor spectator events is about to open, your committee feels this bill is not only unique, and one of the most deserving of its kind, but that its early enactment is imperative.

In the case of persons admitted free or at reduced rates to any place at a time when, and under circumstances under which an admission charge is made to other persons, existing law requires, nevertheless, that a tax shall be collected based on the price so charged to such other persons for the same or similar accommodations, to be paid by the person so admitted. Exceptions to this rule are made in the case of bona fide employees, municipal officers on official business, and children under 12 years of age. This bill, in effect, simply adds to these three excepted classes of individuals two others, namely, hospitalized service personnel and certain hospitalized veterans, if in either case, they are not on leave or furlough.

Mr. Speaker, I see the author of the bill, the gentleman from Indiana [Mr. MITCHELL], present. I will be glad to yield to him if he desires time.

Mr. MITCHELL. Mr. Speaker, I would just like to take this opportunity to compliment the committee on the expeditious and very thorough manner in which they have handled this bill all the way through.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc., That section 1700 (a) (1) of the Internal Revenue Code (relating to the tax on amounts paid for admission) is amended by adding at the end thereof a new sentence as follows: "No tax shall be imposed in the case of admission free of charge of a hospitalized member of the military, naval, or air forces of the United States or of a veteran hospitalized in a Government hospital or institution, except when such member or veteran is on leave or furlough."*

Sec. 2. The amendment made by this act shall be effective on and after the first day of the first month which commences more than 20 days after the enactment of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### EXTENSION OF REMARKS

Mr. BECKWORTH asked and was given permission to extend his remarks in the RECORD.

Mr. McDOWELL asked and was given permission to extend his remarks in the RECORD and include a court decision on the so-called Barski case.

Mr. KING asked and was given permission to extend his remarks in the RECORD and include a statement made before the Committee on the Merchant Marine and Fisheries.

Mr. FOOTE asked and was given permission to extend his remarks in the RECORD on the subject of oleomargarine tax.

Mr. BUTLER asked and was given permission to extend his remarks in the RECORD.

Mrs. ST. GEORGE asked and was given permission to extend her remarks in the Appendix of the RECORD and include two letters on unconditional surrender.

#### SPECIAL ORDER

The SPEAKER pro tempore. Under previous order of the House, the gentleman from California [Mr. ELLIOTT] is recognized for 30 minutes.

#### DIGIORGIO FARMS STRIKE

Mr. ELLIOTT. Mr. Speaker, I am asking for this time in order to call your attention to a very serious condition that has existed in my State for nearly 6 months in connection with the picketing of the DiGiorgio Farms started October 1, 1947. Picketing of the farms has been the source of numerous articles and statements in many papers throughout the Nation. There has been a lot of false propaganda and misrepresentation given out by irresponsible and uninformed writers.

We talk about production and co-operation and trying to help the American farmer, but here is a case where communistic activities are connected with a program of picketing the DiGiorgio Farms in Kern County, Calif. The entire community has been aroused, to the point that a committee was appointed to make a thorough investigation and report the facts.

Former Secretary of the Interior Ickes was able through his miserable propaganda column to put out a report throughout the Nation making such



charges as: the farm workers were not being treated fairly, that there were lice in their beds, the food was bad, the living conditions were bad, and that there were no churches or recreational facilities; in other words, that the laborers were being treated most terribly.

This afternoon I am going to give you as complete a story as I can. I am going to present to the House a petition signed by 1,200 farm workers showing the feeling of those workers. It is high time the Members of the Congress realize, when we talk about helping those abroad, that this picketing of one of our most productive farms is only the beginning of serious trouble. If this labor union is able to continue to picket this farm—and we know what they have in mind—when the summer months come we shall have a slow-down of production of all farm products throughout our Nation, because this is just the beginning of what they have in mind to do.

They first charged that there were Mexican nationals working on this farm as strikebreakers. I will show you a statement from the representative of the Federal Government on the conditions and the agreement between the DiGiorgio Farms and our own Federal Government as to the treatment of those people. I shall also read a statement from the sheriff of Kern County, who has been on the farm practically every day since October 1, 1947. I commend him for the fine job he has been able to do in keeping bloodshed and violence down to a minimum. There have been tense moments in that county, especially when over a thousand workers were interfered with.

Can you realize a condition existing during the harvest season, on this large farm, where a few outside pickets stopped a Santa Fe train and caused it to back up to the city of Bakersfield rather than go through the farm to distribute some iced cars so that the farmers beyond this farm could put in their produce? That has been a condition under which those people have been laboring in the State of California since last October.

To begin with, a committee was set up, since the community was aroused, and the committee made a report. There is here a letter answering some questions Mr. Ickes had asked through his propaganda column that went out to many papers throughout our Nation. A gentleman from Georgia wrote to one of the citizens of Kern County, and I will put this letter in the RECORD:

#### A COMMUNITY AROUSED

Kern County, Calif., is one of the first 10 counties of the United States in agricultural production. Even so, it is still learning and growing, and it is still peopled by the pioneers who built it.

In 1947 Kern County heard of the National Farm Labor Union for the first time. An A. F. of L. affiliate, it was headed by H. L. Mitchell, national president, formerly a member of the executive committee of the Southern Tenant Farmers Union, an affiliate of the CIO, and according to pages 679 to 682 of the 1938 report of the House Un-American Activities Committee, an associate in that CIO venture with Donald Henderson, a known Communist.

Early in 1947 a man named Hank Hasiwar, western organizer for this newly formed Na-

tional Farm Labor Union, boldly announced he was going to attempt to organize all of the farm workers in California. Newly arrived from Texas, Hasiwar began holding mass meetings in farm communities, supported by a few of the local labor unions in Bakersfield, the county seat.

Hasiwar picked DiGiorgio Farms, pioneer development in the extreme southern portion of the fertile San Joaquin Valley, for his focal point in the first drive.

With the coming of the grape harvest, Hasiwar demanded the farm adopt and accept industrial-unionism control of the workers on the farm, under threat of a strike at harvest time. The demands were ignored.

Picket lines were placed on the ranch October 1, 1947, in an unsuccessful attempt to stop grape picking and packing. Mitchell then arrived from Tennessee to inspect the picket lines and then began issuing propaganda press releases on a national scale. Even train crews bringing cars to the packing shed were stopped until their own union committee investigated the "strike," after which they went through the lines. A union crew at the DiGiorgio winery is still going through the picket lines.

Failure to stop the harvest brought extravagant propaganda claims from the union, then Nation-wide circulation of defamatory statements about farmers and the way they were "treating" farm workers.

Finally Kern County, as a community, became aroused as inquiries began to come in from many places.

This is Kern County's answer to one portion of the slanderous attack.

[Excerpt from a letter of C. A. Cobb, owner, Ruralist Press, Atlanta, Ga., written November 28, 1947]

Mr. W. B. CAMP,  
Bakersfield, Calif.

MY DEAR BILL: \* \* \* [Here is] a statement appearing on the right-hand editorial page of the (Atlanta) Constitution yesterday. Mr. Ickes is deeply concerned over the situation at Arvin, and, like everything else that he deals in, he knows little or nothing about it; shows no understanding, yet is willing to tell the world exactly how it all ought to be managed. I wish you would read the article very carefully and check it against the facts and that you would let me have those facts.

I also place in the RECORD a statement made by Mr. Ickes which is as follows:

[Copy of column in the Atlanta Constitution, Thursday, November 27, 1947]

#### FLIGHT OF THE MIGRANT FARM LABORERS

(By Harold L. Ickes)

In the tradition, if not the spirit of the Pilgrim Fathers, the Nation today will offer up a special thanks for its obvious blessings. It will give thanks for the feeling of content and security that derives from our vast national cornucopia overflowing with golden corn, wheat of the color of falling leaves, to say nothing of the plentitudes of nuts and luscious fruits.

Yes, America may well say grace in round and sonorous phrases today. But it is not likely to give even a fleeting thought to the desperate plight of the more than 2,500,000 migrant farm laborers whose calloused hands harvested this bounty against the coming of Thanksgiving.

I have said before that food and aid for starving western Europe are unquestionably necessary, and that America can and must provide both. But we should not allow the vastness of this critical problem across the seas to blind our eyes to an equally dire, if less widespread, need for succor at home. It is generous of us to help the stricken of other lands; it would be only simple justice that we also render aid to our own. We can do both.

Millions of Americans do not even know that migrant labor constitutes one of our persistent problems. The notorious name of the Associated Farmers of California means nothing to them. Neither does the fact that migrant farm laborers are being treated more shamefully than were their prototypes in the dark ages. I suspect that I will not be spoiling a holiday dinner if I should introduce the public to a migrant farm family, typical of hundreds of thousands of actual farm slaves in the West.

In the fashion, then, of Ebenezer Scrooge, if you will take my hand, we will visit a hovel in the Arvin Labor Camp, near Bakersfield, Calif. \* \* \* Ah, here we are. This is the home of John and Stella Gorman and their four children—Nora 10, George 7, Mable 2, and Gladys, under 1.

As you can see, the Gormans have just finished saying grace. They obviously are thankful for the crusts on their table, as it is all that they have. Their home, as you will see, is a one-room shack, the pot-bellied stove and the electric light bulb are the only household equipment provided this hapless family by a miserly landlord.

The Gormans share plumbing facilities with several dozens of their fellow laborers in an unhygienic community building, which we will avoid. Those are home-made beds in the corners, covered with cheap chenille. That calendar on the wall is, of course, an ornament. Days mean little to farm slaves. The table on which rests their travesty of a Thanksgiving dinner is crudely constructed from chance boards. Mr. Gorman and his wife pay \$5 a week rent. But they will not be able long to afford this, because they are unemployed.

With 1,500 other members of the National Farm Labor Union, AFL, they are out on strike against the DiGiorgio Farm Corp., an outfit which grows plums, apricots, and grapes. The human chattels quit work to force their employer at least to agree to discuss such (to them) life or death matters as better hours, an increase in the pittance they call wages, and more acceptable working conditions. Included among the strikers were 140 Mexican nationals working under contract between the Mexican and the United States Governments.

These serfs sought to walk out along with others, but they were prevented by the orders of arrogant officials of the United States Department of Agriculture. In effect, those officials threatened: "Either act as strikebreakers here or be deported to Mexico." This high-handed action brought protest from the Mexican Embassy to the State Department, resulting in a promise that the Mexicans would be removed from the strike-bound area.

Meanwhile, the DiGiorgio Corp. is able to operate on a reduced scale. Naturally the agricultural slaves are the chief sufferers. Until now the Gormans have maintained a roof over the heads of their children. We will not examine the roof too closely, but the climate is a dry one. The family has no money, but it is accustomed to this, as are the other strikers. There is no church to attend, no medical services, no recreational facilities. During the war the Federal Government saw to it that a few of these migrant families were decently housed. But peace brought the end of this unwanted consideration.

What remain of Government-built labor camps have been either leased or sold. The gentle Associated Farmers leased the Arvin Camp, where we now are, and at once raised the rents and abolished all comforts and services. Long hours and meager pay are their ideas of social obligation. But we must leave the Gormans to their hopes and dreams of a better day and return to our Thanksgiving Day dinners, the first one of which, indulged in by the Pilgrim Fathers, was made possible by the great-hearted Massasoit.







80TH CONGRESS  
2D SESSION

# H. J. RES. 355

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IN THE SENATE OF THE UNITED STATES

MARCH 23 (legislative day, MARCH 15), 1948

Read twice and referred to the Committee on Appropriations

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## JOINT RESOLUTION

Making appropriations for foreign aid, welfare of Indians, and  
refunding internal-revenue collections.

1       *Resolved by the Senate and House of Representatives*  
2   *of the United States of America in Congress assembled,*  
3   That the following sums are appropriated, out of any money  
4   in the Treasury not otherwise appropriated, to supply de-  
5   ficiencies in certain appropriations for the fiscal year ending  
6   June 30, 1948, and for other purposes, namely:

### 7       FUNDS APPROPRIATED TO THE PRESIDENT

#### 8                       FOREIGN AID

9       Foreign aid: For an additional amount for "Foreign  
10   aid", \$55,000,000, to be applicable to Austria, France, and  
11   Italy: *Provided, That,* notwithstanding the provisions of



1 section 15 of the Foreign Aid Act of 1947 (Public Law  
2 389, Eightieth Congress), all funds appropriated for the  
3 purposes of such Act shall remain available for obligation  
4 for the procurement of commodities for a period of thirty  
5 days following the date of enactment of this Act.

6 DEPARTMENT OF THE INTERIOR

7 BUREAU OF INDIAN AFFAIRS

8 Welfare of Indians: For an additional amount for "Wel-  
9 fare of Indians", \$125,000.

10 TREASURY DEPARTMENT

11 BUREAU OF INTERNAL REVENUE

12 Refunding internal-revenue collections: For an addi-  
13 tional amount for "Refunding internal-revenue collections",  
14 \$500,000,000.

Passed the House of Representatives March 22, 1948.

Attest:

JOHN ANDREWS,

*Clerk.*



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## JOINT RESOLUTION

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Making appropriations for foreign aid, welfare of Indians, and refunding internal-revenue collections.

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MARCH 23 (legislative day, MARCH 15), 1948

Read twice and referred to the Committee on  
Appropriations







# FOREIGN AID, WELFARE OF INDIANS, AND TAX REFUNDS

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## HEARINGS BEFORE THE COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE EIGHTIETH CONGRESS SECOND SESSION ON H. J. Res. 355

A JOINT RESOLUTION MAKING APPROPRIATIONS  
FOR FOREIGN AID, WELFARE OF INDIANS, AND  
REFUNDING OF INTERNAL REVENUE COLLECTIONS

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Printed for the use of the Committee on Appropriations



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# FOREIGN AID, WELFARE OF INDIANS, AND TAX REFUNDS

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WEDNESDAY, MARCH 24, 1948

UNITED STATES SENATE,  
COMMITTEE ON APPROPRIATIONS,  
Washington, D. C.

The committee met, pursuant to call, in the committee room of the Appropriations Committee, the Capitol, Senator Styles Bridges (chairman of the committee) presiding.

Present: Senators Bridges, Brooks, Ball, Ferguson, Wherry, Cordon, Saltonstall, Young, Knowland, Dworshak, McKellar, Hayden, O'Mahoney, and Green.

Chairman BRIDGES. Gentlemen, we have before us today House Joint Resolution 355, covering three items, including foreign aid, an interim appropriation preceding the new European aid program. The amount we appropriate under it, I think, can be taken into consideration in the European recovery bill.

Senator BALL. The House report says that is what Congress should do.

Chairman BRIDGES. I had that in mind.

Another item is for tax refunds, and the third is for Indian welfare.

I thought we would ask the State Department officials to come in to discuss foreign aid.

At this point, the joint resolution will be placed in the record.

## TEXT OF JOINT RESOLUTION

(H. J. Res. 355, the resolution under discussion, is as follows:)

[H. J. Res. 355, 80th Cong., 2d sess.]

JOINT RESOLUTION Making appropriations for foreign aid, welfare of Indians, and refunding internal-revenue collections

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1948, and for other purposes, namely:*

## FUNDS APPROPRIATED TO THE PRESIDENT

### FOREIGN AID

Foreign aid: For an additional amount for "Foreign aid," \$55,000,000, to be applicable to Austria, France, and Italy: *Provided*, That, notwithstanding the provisions of section 15 of the Foreign Aid Act of 1947 (Public Law 389, Eightieth

Congress), all funds appropriated for the purposes of such Act shall remain available for obligation for the procurement of commodities for a period of thirty days following the date of enactment of this Act.

#### DEPARTMENT OF THE INTERIOR

##### BUREAU OF INDIAN AFFAIRS

Welfare of Indians: For an additional amount for "Welfare of Indians," \$125,000.

#### TREASURY DEPARTMENT

##### BUREAU OF INTERNAL REVENUE

Refunding internal-revenue collections: For an additional amount for "Refunding internal-revenue collections," \$500,000,000.

Chairman BRIDGES. The foreign-aid item calls for an amount of \$55,000,000.

Mr. Secretary, would you explain to us the purposes of this proposal?

#### DEPARTMENT OF STATE

STATEMENTS OF WILLARD THORP, ASSISTANT SECRETARY FOR ECONOMIC AFFAIRS; DALLAS W. DORT, SPECIAL ASSISTANT TO THE ASSISTANT SECRETARY FOR ECONOMIC AFFAIRS; WILLIAM O. HALL, BUDGET OFFICER, DEPARTMENT OF STATE

##### AUTHORIZATION

Mr. THORP. The Foreign Aid Act of 1947 was passed for the purpose of holding the line in Austria, France, and Italy until a more elaborate and extensive program could be considered—the European recovery program.

Senator BALL. I have a technical correction there. That language was struck out of it, I think.

Mr. THORP. I think that is right. I am not speaking in terms of the statement in the act, but I have to give that statement to explain how the Foreign Aid Act was programed and why the act itself indicates that obligations cannot be entered into beyond March 31.

##### PROGRAMING OF SHIPMENTS

It was the expectation that by that time there would be some further program to deal with the situation. The programing was done on a basis of providing only necessary commodities to these three countries. We have been able to work out programs which take care of goods which should be shipped through March 31 and about half of the goods which presumably will be shipped in April.

It is important to realize that in these programs there is necessarily a delay between the time that a program starts and the goods are shipped.

For example, we must have money in the latter half of March in order to start the procurement process for goods which will be shipped in April, and even some of which will be shipped in May. The funds have to be available in advance to start the procedure of procurement, assembling, and shipping the items.

The delay varies according to the type of commodities. Some things like coal can be purchased and moved quite rapidly.

Other things, like medical supplies, have a much longer interval of time.

#### EMBARGO ON COAL

Our concern is that with funds now available we will not be able to start the procurement going for all the items which should be shipped in April for these three countries, particularly the key items of food and coal.

These items are allocated, and unless the allocations are picked up during the month, they lapse.

Senator BALL. Did I understand you to say coal?

Mr. THORP. Yes, sir.

Senator BALL. I thought we had an embargo on coal.

Mr. THORP. We have an embargo on coal, but we are not proceeding on the theory that embargo will continue indefinitely.

If goods are not available, obviously we cannot ship them, but we have to proceed on the assumption that situation will be clarified.

Senator BALL. You are optimistic.

Mr. THORP. One has to proceed, I think, on an optimistic basis. We must be ready to ship coal if coal is available.

Senator McKELLAR. How much of this appropriation will be devoted to coal?

#### VALUE OF COAL SHIPMENTS

Mr. THORP. The coal shipments in the month of April to these three countries are about \$40,000,000. I might say a substantial part of that will be obtained from the Ruhr, rather than from this country.

#### AMOUNT REQUESTED

As far as this particular request for \$55,000,000 is concerned, in view of the fact it will be for goods which will be shipped in April, we feel that it is quite appropriate for this amount to be deducted from any requirements in connection with the European recovery program. Therefore we are actually asking for the privilege of spending during the next several weeks \$55,000,000, covering items which otherwise would be included in the recovery program.

#### COUNTRIES TO BE HELPED

Chairman BRIDGES. What countries will benefit by it?

Mr. THORP. These are for three countries, for Austria, for Italy, and for France.

#### COST OF SHIPMENTS TO MARCH 31, 1948

Chairman BRIDGES. What are the amounts for these three countries?

Mr. THORP. The situation is this, Mr. Chairman: We have actually scheduled for shipment, up to March 31, for all three countries, \$459,000,000. That leaves us approximately \$62,000,000 of the amount already appropriated.



These three countries during April should have a schedule of shipments of \$117,000,000, and we would make up that \$117,000,000 through the \$62,000,000 which we have available and the additional \$55,000,000 which we are requesting.

#### BREAK-DOWN OF BUDGET

To answer your full question, that \$117,000,000 is broken down, \$13,000,000 for Austria, \$69,000,000 for France, and about \$35,000,000 for Italy.

There is a table of this in detail about next to the last page.

Senator McKELLAR. Suppose that vote in Italy goes back on us. What about it then? Are we going to ship coal?

Mr. THORP. I think it has been made very clear, Senator, that our assistance to any country depends upon whether or not it is fully cooperating in the program, and we do not consider that a Communist-controlled country would cooperate. The situation is this: We are shy \$55,000,000. If we do not have the \$55,000,000, then we will have to divide our \$62,000,000 among these three countries.

My guess is if we were faced with that, we would have to take care of Austria first, because Austria is where we have our own occupying forces and where it is absolutely essential we not have riots which would endanger our troops.

#### PUBLICIZING OF UNITED STATES AID TO EUROPE

Senator CORDON. What is being done in France to label these goods as to the source of them and the fact that they are donated?

Mr. THORP. All the goods that are capable of being labeled are labeled.

Of course, some of these items, like coal, are difficult to label.

Senator CORDON. I understand that.

Mr. THORP. But what is happening is that there is a very substantial program of publicity in connection with it. When a shipload arrives, it is announced with great fanfare.

Senator CORDON. That would come to the attention of the folks who saw the ship come in. What about the others?

Mr. THORP. That is also broadcast. They have various special programs.

I just recently checked on it and I have been told we have never yet been turned down in a request for time on the air.

Senator CORDON. How much time have we had on the air? Have you any specific figures on it? As to what publicity we actually have had?

When we were there, we were getting none, or substantially none, and I would like to know exactly what has happened with reference to publicity.

Mr. THORP. I will be very glad to provide you with a report on it.

Senator CORDON. I have seen some little labeling that was introduced in Italy after our visit to Italy following the plan that was then in operation in Austria.

I have not seen anything with reference to France, and I would be glad to have the figures with reference to both.

Mr. THORP. The French, of course, were not included in the program that Public Law 84 set up, so the French program has been operating only since the beginning of this year.

Senator CORDON. I understand that.

Mr. THORP. And my understanding is that they have done all they could reasonably be expected to do in this regard, but we will be glad to give you a full report on it.

Senator CORDON. That will be facts?

Mr. THORP. That is right.

Senator CORDON. You will let us know how much time on the radio, where the radios were, and if you can, a sample of the type of script. I would like to see that.

Mr. THORP. Yes, sir.

Senator CORDON. Let us see what information is going out to the people.

Mr. THORP. Very good.

Senator CORDON. That is more important, in my opinion, than the amount of food.

Senator GREEN. And you want radio time.

Senator CORDON. That, I think, is probably the important one.

(The information requested is as follows:)

#### RADIO TIME WITH CONCERNED INTERIM AID RELIEF PROGRAM IN EUROPEAN COUNTRIES

##### AUSTRIA

Considerable use has been made of the radio, particularly on the American red-white-red network. Each Wednesday from 7:15 to 7:45 p. m., Herman Leopoldi, an American citizen of Austrian birth, who is an extremely popular musical comedian, puts on a program known as "Thirty Minutes With Herman Leopoldi." During the program of music and wisecracks he plugs American relief to Austria, following the same theme as his regular program.

In addition to this regular weekly program, news items about American relief are included in news broadcasts. Periodically, very carefully prepared 15-minute dramatizations of stories around the relief program are used.

A broadcast was made over the red-white-red network on September 28. The script was prepared by the Information Services Branch, United States Forces in Austria, in collaboration with United States foreign relief program. From all reports its reception was good and was heard by a large majority of the Austrian population.

##### ITALY

The AUSA Saturday press releases received considerable mention on the national news hook-up and in special broadcasts made by various commentators. Each Saturday evening at 8 o'clock and at 10:45 p. m., the Italian radio broadcasts a weekly summary, including arrival of ships at Italian ports, amount of supplies included in the shipments, shipments en route, the value of the supplies, the manner in which they are handled by the Italian Government, and the story on the lire fund accruals.

A radio script was completed during the early part of December and broadcast on December 28 using the two national networks. This script is composed of eight recordings with an opening and closing statement by Mr. Montini, president of the Administration for International Aid.

Coverage of the Venice ceremony of November 6, marking arrival of the one hundredth AUSA relief ship, was on the air from 12:15 to 12:55 on the local (Venice) network and rebroadcast from records over the national network later in the evening of the same day.

Another example of radio time devoted to the United States relief program is given in an attachment regarding the arrival of the steamship *Humanitas* in Genoa on September 2. Count Sforza and other high Italian Government officials spoke over the radio regarding the arrival of relief supplies and Italian appreciation thereof.

## FRANCE

Every day from 6:30 to 7 p. m., local French time, the entire Parisian network, with its 18 stations located all over France, relays the 30-minute Voice of America program *A Vos Ordres*. The last 5 to 10 minutes of this program broadcasts a daily summary of American news and policies. This program is heard on week days by hundreds of thousands of French listeners and on Saturday and Sunday by two or three millions. Much time on this daily program has been given to the United States foreign relief program.

The French radio introduces regularly into their most important information programs very wide coverage of American events such as the arrival of American personalities in France, American aid to France, and American cultural activities, both in France and in the United States.

The most important information program on the French radio is called *Ce Soir en France* (tonight in France). This program is heard nightly by six to eight million French listeners. This is the information program which is relayed by the Voice of America and includes considerable United States foreign relief program information.

The Ministry of Economy has organized a national weekly radio program concerning United States interim aid program.

On February 10, 1948, an important broadcast was made over 19 stations by Mr. Herve Alphand, Director General of Foreign Affairs, who described the purpose and functioning of the interim-aid program. This script is attached.

## RADIO SCRIPT ON UNITED STATES INTERIM AID

Broadcast over 19 stations of one of two French national networks, February 10, 1948

Mr. SALLEBERT. For some time there has been much talk in the press and over the radio concerning interim aid. But interim aid often remains an abstract and rather vague notion. That is why I have come to the Foreign Ministry to see Mr. Herve Alphand, Director General of Foreign Affairs, who was the spokesman in Paris at the Conference of the Sixteen and negotiated in the United States the application of interim aid.

I have come to interview him and ask him to explain what exactly is meant by "interim aid." Mr. Alphand, can you tell us why France needs this aid?

Mr. ALPHAND. Well, as you know, what is commonly called the Marshall plan, that is to say the American plan for helping Europe, will not be passed for several weeks—maybe several months. It is a most complicated matter which is now being presented to Congress; it is very natural that the Congress of the United States will not make a decision without profound consideration. This probably won't be done before April 1 at the very earliest.

But it so happens that a certain number of countries, among them France, as well as Italy, just couldn't wait any more. By last December these countries didn't have sufficient gold and foreign exchange left to pay for vital imports.

Interim aid is designed to make available to these countries the raw materials and the vital foodstuffs which will come from the United States. This aid will last until the Marshall plan can be voted and put into effect.

Mr. SALLEBERT. Could you, Mr. Alphand, give us some more details on this interim aid and tell us more particularly which products are included in our imports from America?

Mr. ALPHAND. Well, for what concerns France, this aid, which comes to about \$284,000,000 for 3 months, will enable us to buy until April the wheat, the coal, the fats, the POL, and the cotton without which there would have been undoubtedly an extremely serious exhaustion of stocks with consequences in industry, as well as in the lives of our people.

Mr. SALLEBERT. Can one really describe this as a gift from the United States to France?

Mr. ALPHAND. Interim aid is not a loan. Interim aid is not the result of an ordinary commercial agreement; it is in every sense of the word a gift of the United States to France. Some products are given to us directly by the United States. In other cases the United States gives us the dollars to buy the goods. Relations between France and the United States have always been very friendly, but, I must say, that there is no precedent for such a generous gesture.

Mr. SALLEBERT. So then, the French Government benefits greatly from this interim aid. But could you explain how interim aid functions? What becomes of the sums of money thus obtained by the French Government?



Mr. ALPHAND. Well, the products given us by the United States, in the way I just explained to you, are sold to the French public on our own domestic market. The francs resulting from these sales, or to be more exact—the equivalent sums, at the current rate of exchange of the franc, representing the goods given us—are deposited in a special franc account in the Bank of France. These francs are therefore the counterpart to the goods made available to us by the United States. According to an agreement with the Government of the United States, France, which owns these francs, will be able to use them to pay off its own debt, to finance the modernization and reconstruction program, to pay war damages. All this will tend to stabilize French economy.

Mr. SALLEBERT. Does interim aid constitute a beginning of the Marshall plan, or will there be later—starting April 1, as you said, or March 1—a different system of aid which will be used when the Marshall plan is put into operation?

Mr. ALPHAND. My answer is that we cannot anticipate the decision of Congress and the American administration. But it is obvious that the main ideas which motivate the American Government in giving interim aid are the same as those in the case of the Marshall plan itself. This is made evident by comparing the recent declaration of President Truman on the Marshall plan and the present provisions of interim aid. To a certain extent it can be said without fear of error that interim aid is a sort of rehearsal for more extensive aid. But the latter will have to be on a vaster scale, notably for what concerns the rebuilding of European producing facilities.

Interim aid can therefore be described as a means to avoid a serious break in European economy and a remedy for the worst dangers which threaten it. On the contrary, the Marshall plan will be a constructive contribution to European economy and will enable it to regain the place it should hold in the economy of the world.

#### AUSTRIAN TOTAL

Chairman BRIDGES. Take Austria for example. You originally asked Congress for \$56,953,450. Congress appropriated you \$57,000,000.

You would now be asking, with this included, for something like \$65,000,000; would you not?

Mr. THORP. Yes, sir.

Chairman BRIDGES. What has occurred to make the increased demand in Austria, approximately 9 to 10 million dollars more than you originally asked Congress for?

Mr. THORP. One thing has been an increase in the food requirement for Austria, and also I should point out this covers a longer period than was in our original request.

This covers some of the items which are included in the European recovery program estimates and which were not in the original estimates for this particular bill.

Chairman BRIDGES. It is adding a longer period for Italy, too, is it not?

Mr. THORP. Yes, sir.

Chairman BRIDGES. You asked Congress for \$211,249,944. You got \$181,000,000, and you are within your needs on that amount.

Mr. THORP. In the Italian case, you may remember there was some discussions about the amount of grain that should be included, because we were hopeful at that time of increasing the allocations available to Italy.

Those increases did not take place, and while we have shipped to Italy the full amount of grain that was allocated, it has been substantially less than the amounts which were in our original estimates.

Senator CORDON. Do we get any olive oil from Italy? They had an extra large crop of olive oil this year, and I am wondering if we are getting any of that in return.



Mr. THORP. I am quite sure olive oil is coming to us.

Senator CORDON. Check that and let us know what is happening to it.

Mr. THORP. Yes, sir.

(The information requested is as follows:)

#### IMPORTS OF OLIVE OIL

Department of Commerce figures show 1,025 tons of Italian olive oil imported from September 1947 through January 1948. More recent figures are not available. Demand is not very active here now. The trade estimates 17,000 tons will be imported from all sources this year.

Senator CORDON. They had one of the biggest crops in their history this year, and to that extent Italy is not really in the class of a mendicant.

Mr. THORP. I should point out, perhaps, that this program is not intended to take care of all the requirements of any of these countries. We have expected them to use whatever dollars they obtain from exports for other items.

#### AID INTENDED TO OVERCOME DEFICIENCIES IN ECONOMY

Chairman BRIDGES. It is intended to take care of the deficiency?

Mr. THORP. That is right.

Chairman BRIDGES. And the deficiency would be made after their assets, such as olive oil, which they had an opportunity to convert to dollars.

Mr. THORP. That is correct.

#### GRAIN PURCHASES

Senator YOUNG. How much are you buying in grain for relief purposes?

Mr. THORP. The April program here is about 300,000 tons.

Senator YOUNG. Where is this grain purchased? The reason I ask that, grain is far cheaper now in the United States than in any other country in the world, and I just cannot see the sense of purchasing grain in Argentina at double the price it can be bought for in the United States.

Mr. THORP. This grain is all bought in the United States.

Senator YOUNG. You mean it is all purchased here?

Mr. THORP. Yes.

The Department of Agriculture makes the purchases. We do not handle that. We have passed the responsibility for that over to the Department of Agriculture.

#### ARMY PURCHASES OF GRAIN

Senator YOUNG. I find the Army, because they cannot get allocations in the United States, are making heavy purchases in other countries where it is a higher price than available in the United States for. I think that is a waste of money.

Mr. THORP. In the case of Italy, I understand they are also getting grain from Argentine on a credit basis at the present time.

Senator CORDON. A barter basis, is it not?

Mr. THORP. I think credit is actually extended to them by the Argentine Government.

Senator CORDON. The agreement is for immediate credit but payment in things rather than money.

Mr. THORP. That is right.

This is not a credit of the form of which there is no repayment.

Chairman BRIDGES. Are there any further questions?

#### DAIRY PRODUCTS SHIPPED

Senator BALL. What are these dairy products? I notice you have got 4,500 tons of dairy products in the shipments for April.

Mr. THORP. Mostly dry milk.

Senator BALL. And you had 8,700 tons for Italy in the rest of the program and 6,000 tons due France and none to Austria.

What are the dairy products?

Mr. THORP. Mostly dried milk, and some evaporated milk.

Senator BALL. That is all?

Mr. THORP. That is all.

#### RELIEF FOR TRIESTE

Senator DWORSHAK. What is the status of relief for Trieste?

Mr. THORP. In connection with Trieste, we have sufficient funds to carry that perhaps to the middle of April, and a provision for Trieste has been incorporated in the legislation for the European recovery program.

Senator DWORSHAK. When did relief start for Trieste?

Mr. THORP. When did it start?

Senator DWORSHAK. Yes.

Mr. THORP. For a long period of time, relief in Trieste was handled through the Army. In fact, it started about the time that the occupation started.

The Army asked us to take it, and it was shifted over to Public Law 84.

Under Public Law 84, the relief has been going on at a rate of about a million and a quarter dollars a month.

Senator DWORSHAK. What was responsible for upsetting the economic status? They had been self-supporting all the time; had they not?

Mr. THORP. There are a number of things that enter into the difficulty there.

In the first place, I do not think it would be fair to say that the area ever was self-supporting as an area. As part of Italy they were merged into the general Italian picture. I doubt if there are many cases in the world where you could take a seaport, by itself, and regard it as self-supporting.

It is useful to a total economy, but if you separate it out as Trieste was separated out, I have grave doubts about its ability to be self-supporting.

Senator CORDON. It was deficient before it was separated, was it not?

Mr. THORP. I think before it was separated out, it was a deficit which was a perfectly proper charge on the Italian economy. Through Government income and Government expenditures you get adjustments among various parts of any total economy in a country.

Senator DWORSHAK. It is a great seaport city, and an amount of manufacturing, and certainly it ought to be able to support the population.

Mr. THORP. It is a seaport city, but unfortunately, it is in close competition with Fiume on the Yugoslavian side and Genoa on the Italian side.

Its normal hinterland is Yugoslavia.

Senator KNOWLAND. And Austria.

Mr. THORP. It is still functioning as a port for Austria. We use it as much as we can in sending things in there.

Senator DWORSHAK. Its isolation under the terms of the Italian Peace Treaty, then, is largely responsible for its circumstances?

Mr. THORP. Its isolation, yes; that is correct.

Senator DWORSHAK. That was done under the terms of the Italian treaty?

Mr. THORP. That is right.

#### TRIESTE HARBOR BOYCOTTED BY COMMUNISTS

Senator YOUNG. It is being boycotted by the Communist shipping interests, too, is it not?

Mr. THORP. It is not getting trade either in or out through the Communist groups and its normal trade is with Yugoslavia.

Then, of course, it is important to remember that it did have certain types of manufacturing, particularly the shipbuilding industry. I understand that in Trieste, at the present time, there are very substantial numbers of unemployed because these particular industries that are there are not active.

That might be, however, a more normal circumstance.

Senator DWORSHAK. You plan to spend \$20,000,000 there?

Mr. THORP. The \$20,000,000 which was discussed represented a 15-month program, carrying along the relief on more or less the present basis.

Senator DWORSHAK. Beginning at what date?

Mr. THORP. Beginning April 1.

I think the situation is this: As long as we are in occupation there, we have some responsibility for preventing disease and unrest, to use the hallowed formula, and there is no evidence of any likely ending of our occupation there in the near future.

That would end presumably if a governor were appointed, and the United Nations took over the responsibility; but the governor needs to be selected or approved by the four countries in the Council of Foreign Ministers, and they have not found anybody they could agree on as being competent for this responsibility.

Of course, if it was incorporated into Italy, as we have suggested, there would be a problem of determining whether or not this would carry over a requirement on Italy and a greater assistance to Italy.

Chairman BRIDGES. Mr. Secretary, on this \$55,000,000 here, you are asking this amount on the supposition that the European recovery program will not go through until when?

Mr. THORP. We have not made any supposition.

This should carry us on perfectly normal business operations on which these things are programed and procured to around April 15,



and around that date these programs would have to be picked up by funds from some other source.

I might just say there that does not mean that we are forecasting that the Recovery Act will not be passed by April 15. The thing we are concerned about is that even when it is passed, there will be a few days necessary to set up accounts and get some kind of operation going, no matter how much we try to plan in advance.

There may be changes, of course, in the form of the act, which makes it necessary to modify any planning that is done in advance.

So, from the point of view of the orderly process of programing and procurement, the actual date of passage of the act is not the one that gives us the relief. It may be a week or more after that by the time the accounts are set up, and things can begin to move.

It seemed to us only prudent, therefore, that there be this \$55,000,000 which would be just deducted, as we see it, from the European Recovery Act.

It is possible that it might not be necessary to expend it. We have no way of forecasting as to when the European Recovery Act will be passed, but it has seemed to us this was the simple way of having insurance so there would not be any break.

Chairman BRIDGES. May I ask one thing here. We are trying to plan ahead for European recovery hearings here, and we have not got the justifications from you people yet.

When can we expect those?

Mr. DORT. They will be ready about the first week in April.

We had two problems, Mr. Chairman. We did not know, of course, until recently, what form even the Senate bill would take. A good deal of our work in preparing for the appropriation has had to be based on the Senate bill. The final bill may require some last-minute changes in justification.

Also, we have been trying to bring up to date some of the tables and figures which we submitted originally to the Foreign Relations Committee, and that has required a revision in our estimates based on the latest information.

All of that material is being prepared on a very rush basis among the various agencies of the Government, and we expect to have the material, I would say, sometime in the first week of April.

Chairman BRIDGES. The point I bring out here is that the President, in his message to Congress, said we should not waste a day, and of course we cannot proceed here until we do have the justifications.

Mr. DORT. We could submit material on the same fundamental basis as we did in connection with enabling legislation, but to bring it up to date and to take into consideration the action of Congress on the enabling legislation takes a longer time.

Mr. THORP. The original calculations were based on studies which were made back in the last November and December with respect to availability, price levels, and things of that sort. We were sure that your committee would want to have just as up-to-date information as is possible.

Chairman BRIDGES. When are we going to get the other information we have been asking for? I mean the balance of trade with some of these countries, what is going to Russia, and so on.

We have made several requests like that.



Mr. DORT. We have cooperated with the Department of Commerce to obtain the information about east-west trade. In the last report I had the day before yesterday I was advised that they would be ready in about a week.

#### SPECIAL LICENSE REQUIRED TO EXPORT MATERIALS TO EUROPE

Chairman BRIDGES. What about this ship reported in the papers ready to sail for Russia with all sorts of heavy equipment?

Mr. THORP. I do not know any more than what I saw in the paper, and the paper indicated that someone in the Commerce Department stated those must have been items which went back before they began their more extensive export license control.

Of course, at the present time, all things that are going anywhere in Europe have to have a special export license.

I have checked recently with the Commerce Department, and they are apparently studying with great care any applications for items that go to Russia.

Chairman BRIDGES. The thing that bothers us, Mr. Secretary, is that with few exceptions, the people recognize the seriousness of this Communist menace, and want to be helpful, yet we find the Government proceeding in two different directions.

#### INFORMATION SERVICE

One of the things which I brought up yesterday at the hearing on this Information Service, is about peddling this Wallace propaganda abroad.

I have in my hands dozens of releases put out by the State Department and sent abroad building up Wallace up and tearing down everything we are attempting to do.

I cannot understand it.

For instance, here is one. This was the heading, "Under ERP."

It says:

Wallace draws the largest crowds to hear him since Lindbergh testified against lend-lease.

I have a dozen different broadcast or news releases here on Wallace. I cannot understand the Department circulating abroad the propaganda for Wallace which is very detrimental to our efforts to halt the Communist menace in the world, when at the same time you appear to be so wholeheartedly trying to work in another direction.

This is not your field.

Mr. THORP. I cannot speak well to it, but I would like to point out those wireless bulletins are primarily information for our Embassy people, and it is a little different than giving the information for publication.

Chairman BRIDGES. Some of them are for release. [Reading:]

Prepared by International Press and Publications Division of OIE, and transmitted overseas for information of Foreign Service officers and for publication of appropriate parts in foreign press.

And headed, "Department of State, wireless bulletin."

Mr. THORP. I see.

Chairman BRIDGES. Also we cannot understand a lot of commodities still going to Russia.

There are many such inconsistencies that are bothering the conscientious people in Congress who want to meet this Communist threat in issue here.

But we cannot seem to get both hands working in the same direction.

#### CONSTITUENTS COMPLAIN ABOUT TWO-WAY FOREIGN POLICY

Senator YOUNG. I can tell you, Mr. Chairman, it is making it very difficult for me to answer my mail in my State when they get reports of shipments to Russia, reports like Wallace's statements going to European countries. It is getting to the point practically where it is impossible for me to go along with a program such as this.

Senator WHERRY. Mr. Chairman?

Chairman BRIDGES. Senator Wherry.

Senator WHERRY. What check are you making of the State Department on their exports?

You made a statement awhile ago you were checking with them.

Mr. THORP. What is happening is this, Senator: The Commerce Department has set up a committee. I do not know I can be sure of all the people on it.

Senator WHERRY. You mean an advisory committee?

Mr. THORP. This is not their usual advisory committee, although they have that.

Senator WHERRY. Which committee have they set up?

Mr. THORP. I am talking about a group they have set up which includes the Army and the Navy and the National Security Resources people, the State Department people.

This group is trying to work out the formula which should be applied in connection with shipments to any of these countries.

In the meantime, the Department of Commerce is holding up, as I understand it, any questionable cases with respect to shipments that might go to these countries.

#### INVESTIGATION OF EXPORT LICENSES

Senator WHERRY. Where do you get that understanding?

I would like to know for this reason: Right now, our Business Committee is making a thorough investigation of these export licenses, and to be perfectly frank about it, it is the loosest piece of business I have ever seen in my life.

There isn't any system. Any one can get a license apparently.

#### SHIPMENTS OF LARD TO CUBA

For example, take lard for Cuba. The quota for the first quarter was 1,500,000 pounds. They supplied that in 3 days. Since then there has been ten times more lard shipped into Cuba than the quota provided.

Apparently it is the Foreign Office which puts contacts in the hands of other people in Cuba to find out where they can get lard in the United States, and they get these bogus export licenses issued by the Department of Commerce, and in many countries this scarce commodity has exceeded what was intended to be set up for allocation by nearly 10 times the amount, all going through the black market.

That is just something that has to be stopped.

The Department of Commerce tells us that you are the ones who allocate through naming the ones to whom the export shall be consigned.

Mr. THORP. The State Department said that? You mean of the Cuban Government?

Senator WHERRY. Yes. Is that correct?

Mr. THORP. I have not any idea.

Senator WHERRY. Would that be true with Russia? Would that work the same way, if that is true?

#### TRADE WITH RUSSIA

Mr. THORP. In the case of Russia, of course, they do have one agency that does all their buying in this country.

Senator WHERRY. Where does the State Department come in on the deficit balances?

Do you say what the need is over there?

Mr. THORP. With respect to shipments to Russia we cooperate in the effort to work out a determination as to where the line shall be drawn; we do not hand out the licenses.

Senator WHERRY. I understand that mechanically the Commerce Department does it, but when you get them up here they say: "Well, this is the quota and this is established by this Commission."

You find out who places the figure, and it is the State Department.

I am not complaining about that, but there certainly has to be some place where we can go to find out what those needs are and what the quotas ought to be. We ought to have something to say about them, I think.

Furthermore, we have to stop the exports, under bogus licenses, of scarce commodities that are being shipped over there apparently with the knowledge of the Department of Commerce and also the State Department. That is under a black-market operation on such a grand scale that it is almost unbelievable.

If they can do that, they can get any war material they want, and that is one thing that worries me.

There might be certain things Russia should have, but personally, I am very apprehensive of trade relations with Russia, because who is to define a civilian machine, or that it is to be used for civilian purposes when it might be turned over into war machinery?

I will give you the illustration I gave on the floor of the Senate.

For example, take an octane gasoline refinery plant. Do you see what I mean?

Mr. THORP. I would have no question about a problem like that.

Senator WHERRY. You have a man in the Department, I believe, who has reversed a lot of decisions made at a lower level and permitted shipment of goods across the water to satellite countries which, to my mind, never should have been made.

Senator YOUNG. The man in charge of the Export Division that permits that is an appointee of Wallace, and if he is a sympathizer of Wallace, I would not have faith in him.

Senator WHERRY. There are too many men down there who apparently believe we can continue to trade with Russia, and they are getting it shipped over there.



It seems to me the State Department is the one on whom they rely on for those needs. Commerce does the mechanical end of it, that is true.

I am not at all censoring you. I am offering this as a constructive observation about export licenses that have been obtained.

You can buy them. You can go to New York, or elsewhere, and here, and you get what you want after you find out what the needs are.

That is the way it has been operating, and if you have made a check on it, you will verify what I said.

I mean it is above the legal quotas. They are just black marketing.

It is not so bad with a material like food which is to be used.

What are you going to do when you get into these trade relations, and what are you going to do when you furnish the raw materials to Britain and then Britain, in turn, is going to fabricate it and send it on to Russia. How are you going to police that?

These machines might be sent for purposes of war.

It seems to me a thorough study has to be made on it.

Chairman BRIDGES. I think it is almost impossible.

Mr. THORP. I am very much disturbed by your suggestion that the export licenses, as such, do not represent an effective form of control.

Senator WHERRY. No; they do not.

I wish you would check into it, yourself.

Mr. THORP. I will.

#### EXPORT QUOTAS IGNORED

Senator WHERRY. Our committee is doing it. I think they are doing a splendid job, but we do not have the personnel to complete it. If you get into it, you will see they do not control.

They are going out beyond the quotas you set, and apparently they take your judgment as to the need, because, after all, it is through the State Department that they set up these balances.

Senator CORDON. Senator Wherry, do you mean by that the State Department has no control, or at least exercises no control, over the number of export licenses that it issues, or that the export license itself does not control the export?

Senator WHERRY. The Department of Commerce issues the license for export. That is taken out of their hands.

But they estimate the need.

Say, like this lard—1,500,000 pounds for Cuba for the first quarter. No doubt that estimate has been submitted by the State Department. At least, they have a voice on this committee.

Mr. THORP. We work with the Department of Agriculture on it.

Senator WHERRY. That is right.

Now, the Commerce Department issues licenses up to 1,500,000 pounds, which I call a legal license, and if they could control it, that would be your program.

But the facts are that they can get bogus licenses because of the system. There is no control on it, apparently.

We have offered 10 constructive steps to help control the thing which they might adopt; but in Cuba, for the first quarter of this year, when they only should have shipped 1,500,000 pounds of lard out of this country, they received 10 times that amount of lard.

Senator CORDON. From whom do they get these bogus licenses?



Senator WHERRY. We have not found out. We have not gotten that far.

You can buy them. You can go to New York if you find out what the needs are in lard. There are these brokers that are peddling licenses that are approved.

They get their declarations through the customs and come back and get the licenses. On lard, they will give four times as much for them. They have to in order to get them because it is a black market operation; but there is no policing of the license system.

Therefore, it is done through a black market operation.

Senator CORDON. I know about the transfer of an export license as properly issued by the Department of Commerce. But I am wondering if you mean either one, the Department of Commerce does not itself police the issuance of its own license; that it does not limit the issuance of licenses to the agreed volume of support.

Senator WHERRY. It does that.

Senator CORDON. Then the so-called bogus export licenses must be forged?

Senator WHERRY. I think they are, but you asked if they were forged by somebody outside of the Department.

Senator CORDON. I do not recall that I asked that.

Senator WHERRY. I do not know. I thought that was what you asked me, and I was trying to tell you I did not know.

That is just food, and whether 10 times as much lard went to Cuba as should have gone is one thing. They might use fats for some purposes of war.

Do they?

Mr. THORP. Yes; notroglycerin.

Senator WHERRY. The point is these things that are scarce here go abroad through bogus licenses.

Who is finally going to say this is not a war material? Do you see what I mean?

Mr. THORP. Yes, sir.

Senator WHERRY. Here we not only have our own relations with Russia, but we are now going to do business with the satellites who are permitted and encouraged to do business with Russia on a basis that we might get something from Russia we need, and maybe take it off our backs—the supply of food.

I do not know where there is a man who can be smart enough to make that definition. I do not see where you are going to find him. I would not know what to do.

Apparently we are not policing these licenses at all. I am dumfounded.

When you said you were making a check with the Department of Commerce about these export licenses, that was news to me, and I would like to know what kind of a check you made, and what you found out about it.

I tell you that is something that has to be overhauled and has to be stopped.

## NEED FOR POLICING ISSUANCE OF EXPORT LICENSES

There has to be policing of these export licenses if it is to work.

We have so much evidence it looks like an impossibility to me. It is like trying to police the black market in this country, and you should see some of the men that are mixed up in it.

Mr. THORP. I do not want to mislead you. I do not know what happens to the licenses afterward.

My concern has been in connection with what licenses should be issued with respect to particular countries.

Senator WHERRY. May I ask you another question?

What do you do about the consignees over there that get these materials? Do you have anything to say about that?

Mr. THORP. No.

Senator WHERRY. You must have because the local government comes to you, and as I understand, you approve the ones to whom this lard is finally sent. Is that not right?

Mr. THORP. I do not think they come to the State Department.

Senator WHERRY. You have something to do with it, if the testimony is true.

The way they do it now: We have to get the name of the consignee to whom this lard is to be sent, and my understanding is the local government makes the representation to the State Department, and then the State Department—I do not say you O. K. it; but at least as to the consignee's name that goes into the declaration under which the export is made.

If I am wrong about that, I will stand corrected, but I am sure that that is in the testimony.

Mr. THORP. It may pass through the State Department in just a formal way as a document from the Cuban Government being transmitted to this Government, but I am very certain that we in the State Department do not review who the consignees are.

Senator WHERRY. Then, why should you not know to whom these commodities are going?

Why should you not make a determination? Do you see my point, Mr. Chairman?

The CHAIRMAN. Surely.

Senator WHERRY. You cannot tell where it is going.

Mr. THORP. Yes, sir; I see the point.

Senator WHERRY. I understand it is sort of invading the rights of private enterprise and all that, but as long as you have the export control, why should you not?

The committee controls the amount, but they rely on your judgment. How do you know where this finally goes in those countries?

Is that not one way of preventing it from falling into the hands of an enemy country if we have one that might use it for purposes other than just civilian use? Do you see what I mean?

Mr. THORP. I should want to think about that a little bit because I question whether controlling the specific consignee would be much help.

If there were some use of a third country as a way of getting something for Russia, it would be done at least so that on the face of it there would be no evidence of that kind of transaction.

Senator WHERRY. I think you ought to inquire into it, and I think, Mr. Chairman, it seems to be that no matter what department you go to on licenses and exports, they deal in just vague generalities.

I think if we are going to control this thing, we ought to be able to police it in this country. It ought to be policed certainly as far as we can in the countries that receive the goods, whatever they are.

#### PROPOSAL FOR CLOSER EXAMINATION OF EXPORT LICENSES

I certainly think that a program ought to be initiated in the State Department, not only as to the needs, but the consignees that get the materials, and certainly on this side of the water, the State Department ought to work hand in hand with the Department of Commerce. Certain rules and regulations ought to be set up whereby these bogus and forged licenses might be stopped.

Then you would know it is being properly handled on a legal basis.

#### PREVIOUS UNITED STATES BLACKLISTS ESTABLISHED

Senator KNOWLAND. On that point, when the various departments of the Government wanted to control the situation in dealing with the Nazis, they established blacklists of people who could not be trusted in the situation, and if they had the willingness to do it on this situation, they could establish the same type of a blacklist of anybody who was letting this stuff go where it should not go.

It is just the question of whether there is a will to do it in the administrative and executive branch of the Government, and if there is not, now is the time to find it out.

Senator WHERRY. That is right.

If we are going to start in on this program now that Congress has authorized it, let us make it work.

Chairman BRIDGES. If there is no further discussion, we will excuse the gentlemen.

Mr. THORP. Thank you.

Chairman BRIDGES. Senator McKellar?

Senator MCKELLAR. When we first started I moved the resolution be passed on the first item. I want to withdraw that.

Chairman BRIDGES. The Senator withdraws his motion originally made.

Senator MCKELLAR. Yes; I would vote against it.

### TREASURY DEPARTMENT

#### BUREAU OF INTERNAL REVENUE

#### STATEMENT OF T. C. ATKESON, ASSISTANT TO THE COMMISSIONER, ACCOMPANIED BY FREDERICK I. EVANS, HEAD, ADMINISTRATIVE DIVISION, AND BUDGET OFFICER, BUREAU OF INTERNAL REVENUE

#### AMOUNT REQUESTED

Chairman BRIDGES. Bring in the Treasury witnesses.

Mr. Atkeson, there is an item which the House put through as an emergency item of \$500,000,000 for a refunding of internal-revenue collections.



As you recall, the appropriation was \$1,231,000,000. You requested \$2,031,000,000, and the House cut out \$800,000,000, and you are asking for \$500,000,000.

Of course, we know what tax refunds are for and so on, but would you give us the status of the tax-refund situation in the Treasury so we could base an estimate on that without going into the broad picture.

Mr. ATKESON. Mr. Chairman, I will give you just the over-all picture, as you request, and then give you such details as you may wish.

#### PAYMENTS SCHEDULED UP TO MARCH 18

Up to March 18, 1948, we had scheduled to the disbursing officer for payment \$1,223,239,000.

The funds available to the disbursing officer totaled \$1,231,000,000.

#### DAILY RATE OF PAYMENTS

We are now scheduling at the rate of \$27,000,000 a day. We are on the upgrade, since the largest month for making refunds is still ahead, which is April.

We requested originally \$2,031,000,000, as you have indicated.

We sent a supplemental appropriation under date of January 22 for the remainder of the \$800,000,000 that was stricken from the bill last year.

The House has put in the joint resolution for \$500,000,000.

We would like to see the full \$800,000,000 given at this time for the reason that the \$500,000,000 that has been provided will probably last until about the last of April or the 1st of May, which would make another supplemental necessary.

I might say in that connection, in reading the report accompanying the resolution, I interpreted the report, and it is my own personal interpretation, that the deficiency committee in the House put in the \$500,000,000 with the understanding they were going to look into the matter further as soon as the March 15 returns were filed. And it is possible they may want to report out an additional figure based on the material which would become available as a result of the March 15 returns.

That is something I cannot say for sure, but I think that was the intention as I read the report accompanying the joint resolution.

So, if you would approve the \$500,000,000 at this time, I repeat my statement, that it would last us probably through the last of April or the first of May.

If you make it \$800,000,000, it would, of course, carry us a little longer, but whether or not it would carry us to June 30, I am not in position to state at this time.

If you would care to go into any of the details, in respect to why we need this money, I will be very glad to do that.

Chairman BRIDGES. I think we all recognize what refunds are for.

#### REFUNDS IN 1947

Senator CORDON. How much refunds did you have in 1947?

Mr. ATKESON. \$2,882,000,000.

Senator CORDON. \$2,882,000,000?

Mr. ATKESON. That is correct.

## ESTIMATED REFUNDS FOR 1948

Senator CORDON. What is your estimate for 1938?

Mr. ATKESON. \$2,031,000,000 was the original estimate which was reduced to \$1,231,000,000.

Senator CORDON. Why was the 1948 lower than your 1947?

Mr. ATKESON. Because of the so-called tentative refunds in the case of corporation returns.

You will recall that the excess-profits tax was repealed in respect to all taxable years beginning after December 31, 1945.

Under the excess-profits tax there was permitted an unused excess-profits-credit carry-back.

Those refunds have practically all been made, and they will not reappear.

The only carry-backs that will continue to appear will be the so-called net operating loss carry-backs in connection with the income tax as distinguished from the excess-profits tax.

## MOST PAYERS TAKE REFUNDS RATHER THAN CREDITS

Senator KNOWLAND. Do most of the individuals take their refunds or apply them on the subsequent year's tax?

Mr. ATKESON. Practically all take them as refunds. Credits are very negligible in that connection.

Senator HAYDEN. When does the interest start?

Mr. ATKESON. There are several dates.

In respect to the so-called prepayment refunds, which would be the refunds in connection with the taxes withheld from employees and the taxes paid on declarations by persons estimating their tax, the interest starts from March 15 of the year following the close of the tax year.

So, if you were to overpay your taxes during 1948 your interest would not start until March 15, 1949.

In the case of the carry-backs I referred to a moment ago, the interest starts from the date a claim is filed, in which the refund is requested.

But in general the interest runs from the date the tax that has been overpaid was paid.

## INTEREST RATE PAID

Chairman BRIDGES. Well, what are we paying on interest now?

Mr. ATKESON. Six percent is the rate. The total amount paid during the fiscal year 1947 was \$49,000,000. I will get the figure.

Chairman BRIDGES. Why should we pay 6 percent? You cannot get over 2 percent in any savings bank in the country.

Senator CORDON. The taxpayer pays us 6 percent, does he not?

Mr. ATKESON. Yes.

## TOTAL INTEREST PAID BY GOVERNMENT

To answer the chairman's question about the amount. For 1947 the amount is \$49,605,705.

Chairman BRIDGES. Perhaps the rate should be reduced both ways.

The best way I could make money if I had a lot of it, or were a corporation, would be to overpay my taxes and get 6 percent from the Government. I could not get it anywhere else.

Mr. ATKESON. Mr. Chairman, you do get 6 percent interest on overpayments on the type you speak of, and the matter of rate is one of congressional policy.

#### REFUND INTEREST RATE REDUCED IN 1933 AND LATER REINSTATED

I might mention in that connection the Congress did change that rate in 1933. They reduced it from 6 to 4 percent in the case of overpayments.

That particular law, however, was repealed about 6 months later as of the date of its enactment, its original enactment, and the report which was submitted with the bill carried a statement to this effect:

Section 319 of the Economy Act has had the inequitable effect of reducing the amount of interest which may be allowed on refunds of internal revenue taxes payable to taxpayers to 4 percent while requiring the same taxpayers to pay interest at the rate of 6 percent on any deficiency on such taxes owed by him.

That was in report No. 1021, Seventy-second Congress, second session.

I only mention that to indicate the Congress did change the policy back in 1933.

Senator HAYDEN. The reason I raised the question of interest is, if we do not make this appropriation we are paying 6 percent interest on the money.

Mr. ATKESON. That is perfectly correct.

Senator HAYDEN. So we had better make it.

#### PAYMENTS BY DELINQUENT TAXPAYERS

Chairman BRIDGES. You told us how much we paid. How much did the delinquent taxpayer pay us?

Mr. ATKESON. In the same year, 1947, the delinquent taxpayer paid \$161,755,949.

Senator CORDON. Against how much we paid?

Mr. ATKESON. \$49,605,000.

Chairman BRIDGES. Does the Department take the position that there could not be a difference between the two?

Mr. ATKESON. Mr. Chairman, I do not think the Department has taken a position.

You may recall that when the Under Secretary was here a year ago, he made some reference to the fact that he would have the problems studied, but as far as I know, the Department has taken the attitude that it was more a matter of congressional policy and was something for the Congress to decide.

Mr. Chairman, I want to repeat, I am not trying to argue against this interest rate.

I might say, though, that the interest we collect has up until the recent war period run about eight times the interest that we pay out.

Chairman BRIDGES. That is understandable because formerly you could get high interest rates on your money in this country. Today you cannot.

For instance, I cannot think of a smarter thing for some people to do than to overpay their income tax and get 6 percent from the Government. It is not good business for the Government.



Senator CORDON. What is the fact as to whether there is any trend toward equalization of the amount we have received as against the amount we pay out?

Mr. ATKESON. During the war period, we have had an unusual situation in the matter of refunds since the refunds themselves have become so large, and naturally that has increased the interest.

But I anticipate that after we get out of this period and make the wartime refunds, that the relationship will return to the prewar relationship of about \$8 that we collect for every \$1 we pay.

If you were to reduce the interest on both sides, naturally, the Government would be the loser.

Senator CORDON. In dollars?

Mr. ATKESON. In dollars.

#### INTEREST PAYMENTS ON VOLUNTARY OVERPAYMENTS

Senator CORDON. When does the interest attach on voluntary overpayment?

Mr. ATKESON. On voluntary overpayment on declarations that you might file on March 15, 1948, estimating this year's income, the interest would not attach until March 15, 1949. So the Government has the money and you are without the use of the money until March 15, 1949, interest free.

Senator HAYDEN. But if Congress appropriates the money for refunds promptly, and you promptly pay it, you save the 6 percent. If we do not make the appropriation, then the 6 percent accrues.

Mr. ATKESON. That is perfectly correct, sir.

In other words, we are within a few days now of actually exhausting the cash that has been made available for the refunds. Let us assume that nothing were done for 30 days. All of the refunds that are now pending would carry interest during that 30-day period.

Senator CORDON. At one-half of 1 percent.

Mr. ATKESON. Yes, sir.

Chairman BRIDGES. I do not think there is anything more. We have one more group that we want to hear.

Senator CORDON. I want to be certain about this.

Five hundred million dollars would carry us how far into the future?

Mr. ATKESON. As best as I can estimate it, it will be through April, but certainly no longer than the first week in May.

Senator CORDON. And \$800,000,000, inasmuch as April is the big month, will take you how much further?

Mr. ATKESON. It would take us well into June.

Senator CORDON. And maybe be enough?

Mr. ATKESON. I would say we would expend the whole \$800,000,000, but I cannot tell about how many days in June it would take us.

If it were a small number of days, we would let the claims lay over until the next fiscal year. If a large number of days and the taxpayers pressed hard, it seems to me we might need an additional amount.

#### INDIVIDUALS GET MOST OF 34 MILLION REFUND PAYMENTS

Senator DWORSHAK. Do most of these tax refunds involve corporations, large companies, or small individual taxpayers?

Mr. ATKESON. By far, they involve the small individuals. There are some 34 million refunds made of which about 33 million would be to these smaller individuals.

Senator DWORSHAK. Is it not likely that most of those refunds result from the requirement that the percentage of withholding on anticipated earnings is far too high?

Mr. ATKESON. Most of it is due to precisely the fact you state.

Senator DWORSHAK. Why could not a plan be adopted whereby employees would have only 90 percent of 85 percent of their anticipated taxes withheld so it would be unnecessary to have so many refunds? Could not that be accomplished?

Mr. ATKESON. It could be, except it would leave a very large number of taxpayers who would have quite a substantial payment to make on the following March 15. To that extent, it would be considerably inconvenient to the taxpayers and would be a backward step in current tax payment.

Senator DWORSHAK. What were the original figures you said?

Mr. ATKESON. Thirty-three million.

Senator DWORSHAK. Out of what?

#### NUMBER OF TAX RETURNS

Mr. ATKESON. Out of 55 million tax returns.

Senator DWORSHAK. So that there would be 20 millions who would be called upon to make additional payment on that basis?

Mr. ATKESON. Something like that.

Senator DWORSHAK. While you would accomplish something insofar as the 35 million are concerned by reducing the withholding tax level, you would aggravate the situation with the others.

Mr. ATKESON. That is right.

Senator DWORSHAK. There is no way of equalizing it?

Mr. ATKESON. That is correct.

I might say, from the Government standpoint, I think it is a protection to the Government as well as to the taxpayers to have the withholding as close as possible to the final liability, and that, of course, is on a theoretical basis, with the idea of trying to have the tax fully paid by withholding.

If you consciously aim at some lower figure, you definitely are going to have quite a substantial number of people who will have to pay March 15, or the collectors may have to go out and get it.

Senator DWORSHAK. You would not think that would be a wise policy to follow, then, withholding only 90 percent?

Mr. ATKESON. Administratively I do not think so, for the simple reason that, if the taxpayer owes \$100, it is harder to settle his taxes than if we owe him \$5.

Senator DWORSHAK. Most of his withholdings are based on a full 52 weeks' employment, and when an employee works less than 52 weeks, it necessarily means a reduction in his taxes.

Mr. ATKESON. That is correct.

Senator DWORSHAK. And you do not think anything can be done about it administratively?

(Off the record discussion.)

Chairman BRIDGES. If there is nothing further, you are excused.

Mr. ATKESON. Thank you.

## INTERIOR DEPARTMENT

## BUREAU OF INDIAN AFFAIRS

STATEMENTS OF JOHN H. PROVINSE, ASSISTANT COMMISSIONER;  
AND FRED H. DAIKER, DIRECTOR OF WELFARE, BUREAU OF  
INDIAN AFFAIRS

## WELFARE OF INDIANS

Chairman BRIDGES. There is an item in this bill for \$125,000 for Indian Affairs, the welfare of Indians.

Will you briefly tell us what that is for and the necessity of emergency appropriation?

Mr. PROVINSE. This item, Mr. Chairman, is to take care of a critical situation that has developed in certain of the Indian Reservations in the northern plains area where they have had extremely heavy snows this winter and extremely cold weather.

The employment opportunities for the Indians have been reduced, and their savings have been almost completely exhausted.

Most of them are laborers who go off during the labor season and bring back to the reservation a certain amount of savings.

But the heavy snows and cold weather have forced them to exhaust every cent they had, with the result our relief load has increased two and three times on some reservations.

Senator CORDON. They do not work in the winter, anyhow.

Mr. PROVINSE. Some part of the time, but this winter it was very difficult to get anything to do.

Senator CORDON. Do you have any figures on what they earned during the winter time?

Mr. PROVINSE. No.

Senator CORDON. You are just guessing as to their need when you come up here?

Senator YOUNG. If I may interpose.

Senator CORDON. I would as soon have him answer the question, if I may.

## ASSISTANCE BY RED CROSS

Mr. PROVINSE. At the end of January we were aware the situation was critical, and the Red Cross has been in three different times on one of the reservations.

Beginning in January, January 21, the Red Cross went in, and we got a small amount of money from some of our other reservations, but at three different times the Red Cross has had to go back in with the result, that up until last week, they had spent \$55,000 to help us out.

That is in one critical area.

Senator YOUNG. I would like to interpose, if I may, Senator Cordon, a statement for Senator Gurney and myself.

Senator Gurney is detained as chairman of the Armed Forces Committee on important hearings on defense.



## STATES CONTRIBUTE TO WELFARE

In our two States, which have very similar problems, the people of the States themselves have contributed far more than the Government has, even though the Indians are wards of the Government.

The Red Cross, as you say, have contributed a lot, but there have been thousands and thousands of dollars of food contributed through radio programs, organizations in the State, and by individuals.

It has been brought on, as you say, by the most severe winter we have had in years, and most of the problems, in my opinion, are due to the fact they are living on land which even in the best year could not provide a living for them.

Sometime Congress will have to take appropriate action, and I am in hopes that sometime in one of these latter projects in that area the Indians will be given some of that irrigated land so they will have a chance to earn a living for themselves and obviate the need of relief.

Senator CORDON. If they do not work in the wintertime but live on the fat they have gained in the summer, spring, and fall, if a bad winter comes on, the only effect they could have would be the extent to which they would have to cut into the surplus because of the use of additional fuel.

Otherwise, it would seem to me to be exactly the same situation in bad weather.

What is the fact?

Senator YOUNG. These Indians go out to other places to work, and in order to get any relief if they are short of money, they have to go back to their own reservation.

They come back there, and sometimes in an open winter, they can go out and get more work. Their money lasts them longer and their money goes further for coal and fuel and clothing.

I do not think it is any fault of the Indians. It is entirely the circumstances of the winter which brought it on.

Mr. PROVINSE. There have been increased costs for fuel and increased costs for clothing.

Chairman BRIDGES. Mr. Provinse, you are Assistant Commissioner of the Bureau of Indian Affairs?

Mr. PROVINSE. Yes, sir.

Chairman BRIDGES. Can you answer Senator Cordon's question?

Do you have figures on the amount of earnings of the Indians in the normal winter years and this year?

Mr. PROVINSE. Apparently we have not. I have just checked with Mr. Daiker, Director of Welfare. May I ask him to explain?

Chairman BRIDGES. Certainly.

Mr. DAIKER. We do have figures which would show the average earnings, during the whole period of the year. It is not broken down from the standpoint of what they earn in any particular season.

Those figures are not for the current year. We would have them probably for 1945, but not any later than that.

Senator CORDON. Let us put it this way: Was last year as good a year for labor for the Indians as heretofore?

Mr. DAIKER. Yes, sir.

Senator CORDON. They could at least have made as much money working last year as they made in prior years?

Mr. DAIKER. Yes.

Senator CORDON. So they came into the winter with at least as much surplus as they would ordinarily?

Mr. DAIKER. That is true.

Senator CORDON. Did this very vigorous winter in addition to being exceptionally cold last for an exceptionally long period?

Mr. DAIKER. Yes, sir. Furthermore, this weather condition began much earlier, so there was a shorter labor season.

The Indians were not able to earn as much. Therefore, what they did earn was exhausted that much earlier due to the severity of the weather and the heavy snows, and they had to come to the Government for relief.

There is no other source for them to get any help.

Senator CORDON. You are talking about this winter?

Mr. DAIKER. In the early part of November, I think they had 20 inches of snow in the Dakotas.

Senator YOUNG. Snow came the 15th of November and has been on the ground ever since with hardly a thaw.

#### INEFFECTIVENESS OF FEDERAL AID TO ACCOMPLISH OBJECTIVES

Chairman BRIDGES. Why is it the whole theory of support of the Indians seems to be working backward in this country?

All the aid the Federal Government has been giving is intended for the purpose of making the Indians self-reliant and independent. Instead of that, the costs are mounting continually.

Why is it? Are we doing the job the wrong way? What is the basic reason for the cost mounting when certainly the theory of aid to the Indians is exactly the reverse?

Mr. PROVINSE. A good deal can be explained in the increased costs of commodities and supplies.

Senator CORDON. There have been increased wages earned by the Indians at the same time.

Mr. PROVINSE. Yes; though our relief load continues on these reservations for a certain number of indigent people.

Senator YOUNG. I think, Mr. Chairman, much of the problem is due to the policy of Congress and the Indian Bureau.

We should some time put these Indians on their own so they could have some initiative of their own. I think if you put whites in a similar position they would not be a bit better off.

I do not think they are working all they should, but I can see where I would not have any more initiative probably than they have under similar conditions.

Chairman BRIDGES. Then the basic policy is wrong.

Senator YOUNG. Yes. We are going to continue with this until we change our basic policy.

On some of our reservations we could not possibly expect them to make a living.

Senator CORDON. Of course, the basic policy is to feed them, and this is what this money is going to do.

Senator YOUNG. You cannot let them starve, and I think the appropriation has to be made.

Senator CORDON. Maybe they know that.

Senator HAYDEN. I can say that I know a group of Indians back in Arizona who look back to the good old days when they were prisoners of war, when they were issued so many beef cattle and so much flour, and they did not have to do any work.

That was the ideal situation, but they finally found out it did pay to go to work, and they got out and got into industry.

They were offered work filling concrete on dams, and they found out they could do it, and there are a great many of them well employed now and getting along fine.

They have to learn that.

Mr. PROVINSE. May I point out, Mr. Chairman, the general reputation of these Indians in the northern plains is that they are good workers and will work when work is available.

#### AVERAGE MONTHLY PAYMENTS TO INDIANS

I should also like to point out the average payment to them is somewhere in the neighborhood of \$7 or \$10 a month.

I do not think that is any tremendous sum we are paying to the Indians to take care of these needy relief situations.

The general reputation in this area, and I think Senator Young will bear me out, is they are good workers when work is available to them.

#### INDIAN AFFAIRS APPROPRIATION FOR 1947-48

Chairman BRIDGES. What was the total appropriation last year for the Indian Bureau?

Mr. PROVINSE. About \$40,000,000.

Chairman BRIDGES. It was over \$40,000,000, was it not?

Mr. PROVINSE. I think something over \$40,000,000.

Chairman BRIDGES. You do not have the figures?

Mr. PROVINSE. I do not have them here.

Senator CORDON. And now you ask for \$125,000?

Mr. PROVINSE. That is right.

Senator CORDON. How do you reach that figure?

Mr. PROVINSE. Our original estimate to the Bureau was larger than this that we submitted some weeks ago before the Red Cross had come in, and before the passage of time had somewhat reduced our need.

As time goes on, we will not need this money because we will not be able to justify it after the work season opens up, which will be around the 15th of May or the 1st of June.

#### BUREAU BUDGET REDUCED

The Budget Bureau sat down with us and went through every item of welfare on every reservation, making sure there were no places we could not withdraw some funds from other reservations and reduce our estimate. They reduced our estimate down to \$125,000.

Senator CORDON. Why did you not do that before you went to the Bureau? If they could do it, why could not the Indian Service?

Mr. PROVINSE. We did do that, but we came out with a larger figure because at the time we made the estimate on the 1st of February, we anticipated 3 or 4 months.



By the time we got to the Bureau of the Budget, one of those months had gone.

The Red Cross, in the meantime, came in and contributed \$55,000 in the purchase of supplies in addition to considerable clothing.

#### SURPLUS COMMODITIES SUPPLIED BY ARMY

We also were able to secure two carloads of surplus foods and some clothing from the Army.

Senator CORDON. All for these Indians in the North?

Mr. PROVINSE. Yes.

Senator CORDON. None of it down in the South?

Mr. PROVINSE. We have sent a good deal there, but two carloads went into North Dakota.

Senator CORDON. An article in the paper the other day said that they were not any worse off than at any other time in history. Did you see that?

Mr. PROVINSE. I saw that.

I think they are probably worse off this year than they have been, due to the influx back on the reservation of a large number of boys who were in the service and people who were off on munitions and other war-industry work.

#### RELIEF DETERMINATIONS BY STATE LAW

Senator YOUNG. Is not there a way to change some of these relief regulations about an Indian going out to work so that an Indian going to work in Montana could stay out there and be eligible for relief rather than having to come back to the reservation in North Dakota?

Mr. PROVINSE. Those are determined by State laws. Their eligibility for relief in Montana is determined by State law.

Senator DWORSHAK. Did this request originate within the Indian Bureau or come from the Indians themselves?

Mr. PROVINSE. Largely from the Indians themselves.

Senator DWORSHAK. Possibly, then, they may have been reading the debates in Congress over the European recovery plan.

Mr. PROVINSE. I think it might be. Although I think the Red Cross would have taken that into account before declaring a disaster situation and going in and spending \$55,000.

Senator CORDON. You answered Senator Young that the States set up the qualifications for relief payment. You do not mean the States set up the laws under which the \$125,000 is to be spent?

Mr. PROVINSE. Maybe I misunderstood his question.

Senator CORDON. I think maybe you did, or the answer was incorrect.

Mr. PROVINSE. As I understood your question, you wondered why, if the Indian went to Montana, he could not be placed on the Montana relief rolls?

Senator YOUNG. Maybe I should put it another way.

Why could he not be taken care of by your Bureau out there rather than forcing him to come back to North Dakota to get relief?

I think that is in your regulations. At least, they think so. They will go out to work maybe several hundred miles away, but they think they have to come back to the reservation, right or wrong, to get any relief.

Mr. DAIKER. The Indians come back because there is no work. They have their homes on the reservations. They can live there more economically than they could in the community where they may have to pay rent and have no means with which to do it.

Furthermore, each State determines the qualifications or requirements for giving assistance. In other words, you may have to be a resident of the community 6 months or a year before you are eligible.

Therefore, they can get no assistance from the State and they go back to the reservation where they do have a home. Then the responsibility falls on the Government.

Senator CORDON. You mean, then, in addition to the funds provided by the Federal Government to the Bureau of Indian Affairs for welfare of the Indians, those Indians individually are also recipients of relief under State law?

Mr. DAIKER. No, sir. The contrary is true. They are not eligible, as a rule, to benefits from the State.

Senator CORDON. Then your answer means nothing.

Let us get something clear here now. You just stated to Senator Young that your Indians go out to work during the summertime and then they return to these reservations so they are eligible for relief from the State. Now you say "no."

Mr. DAIKER. No; I did not mean to say he was eligible for any benefit from the State. He is eligible for benefit from the Government.

Senator CORDON. Now, that brings up Senator Young's question.

Suppose he goes to Montana and works there for the summer and does not want to come back to his reservation. If he needs help, can he get help in Montana, or must he come back under your rules to the reservation before you will help him?

Mr. DAIKER. He is probably not entitled to any help from the State.

Senator CORDON. I did not ask about the State. I am talking about the Government.

Mr. DAIKER. Our practice and policy is not to extend assistance to Indians when they are off the reservation.

Senator CORDON. And now he wants to know why you do not do that?

Senator YOUNG. I think that is the big mistake.

On this one reservation in North Dakota you now have 8,000 crowded into the poorest land in North Dakota, and a very small area.

It seems to me they ought to be encouraged to go out and find a home where there is plentiful work.

Maybe they could go to some other part of North Dakota and find a home; and if they needed assistance, you could take care of them there. It would help to disperse these Indians from a small area of poor land.

Mr. DAIKER. The cost to the Government to assist an Indian in a community where he would get work would be far greater than if he returns to the reservation, where you do not have, as a rule, to pay for such items as rent, fuel, and medical service.

If you had to pay for that on the outside, then the cost would be tremendously more to the Government than it is.

## SUGGESTION FOR A CHANGE OF FEDERAL LAW

Senator CORDON. Suppose we correct the law if it needs correction so that the Bureau of Indian Affairs may contract with the States to furnish such welfare needs to individual Indians as they may be found in need of, somewhat on the same basis as we now contract for States to furnish education of children.

Would not that help in this situation and aid in making those individual Indians more self-sufficient and independent?

Mr. DAIKER. That is being considered as far as North Dakota is concerned, because the State, apparently, is willing to consider that sort of proposition. In Montana it cannot be done, by reason of some Montana law and a ruling of the attorney general of the State.

Senator CORDON. Is the Commissioner of Indian Affairs in favor of doing it—or can you speak for him?

Mr. DAIKER. We do not know enough about it. The State standards for granting relief are much higher than we are able to provide, and there would be an increased cost in order to do that under that sort of a plan. Whether Congress would give additional money to do that, I do not know.

Senator CORDON. The State could administer on the same basis you administer. I see no reason they could not administer the same relief you do.

Mr. PROVINSE. That raises an important question of how far relief is supposed to go.

## CHIPPEWA INDIANS IN MINNEAPOLIS

We have 2,000 Chippewa Indians in Minneapolis at the present time. There is always tremendous pressure on us to take care of those people on relief.

We are resisting taking care of the Indians who go into other areas, for the simple reason we feel, as United States citizens, they should be accorded the rights and privileges of other United States citizens when they are making their contribution, or whatever it is, in that particular community.

If we break over that and begin to pay for welfare and medical care of Indians who leave the reservation, it can amount to considerable sums.

Senator YOUNG. At this time, by encouraging them to stay in that small area——

Mr. PROVINSE. We are not encouraging them to stay in that area.

Senator YOUNG. That policy encourages them.

Senator CORDON. You feed them if they stay there.

Senator YOUNG. I think our policy is going to have to be changed.

Senator HAYDEN. Your situation is the same as with the Navajos. You have twice as many as the country will support. That is all.

## NAVAJO INDIAN POPULATION

The Navajos have multiplied from less than 10,000 to 60,000, and the reservation simply will not support them.

The only out on that is to get those Indians out into jobs elsewhere—get them out into society.



Indians I know of have been very successful in Arizona. They go to school, get a job, build a home, and they are just the same as any other citizens. They are operating linotype machines and tractors and running trucks and doing all kinds of business and are happy about it.

They own their own homes and pay their own taxes, and they should be treated as any other citizen.

As long as you try to confine a large number of Indians on a small area not big enough to support them you have a fundamental problem you have to meet.

Senator YOUNG. It grows worse with the years, too.

Senator HAYDEN. Of course.

Mr. PROVINSE. The movement off the reservation has got to be a more permanent type than we now have, going off for 2 or 3 or 4 months a year and working and then coming back to the reservation.

Senator CORDON. What are you doing to try to get them to stay off?

Mr. PROVINSE. The Superintendent of Turtle Mountain Reservation was here last week to see whether or not we could not work together with the employment offices as far as stabilizing and getting permanent types of employment.

Senator CORDON. That sounds like good business.

Mr. PROVINSE. We are doing the same thing on the Navajoes. We have set up a placement service which will work with the local placement groups in New Mexico, Colorado, and all that area, in order to get families off the reservation rather than get single individuals off who will come back to the reservation the minute the job is done.

Senator YOUNG. There is something wrong with the whole system.

I think the Indian Bureau and the Employment Service could take a more constructive stand.

For instance, I stopped in an employment office in North Dakota to try to get a man for farm labor. They did not have anyone on the list. There were three or four around the office.

They did not have anyone on the list who would accept housework, and here you have Indians who are unemployed and starving.

The Employment Agency in the States had no contact with them whatever.

Chairman BRIDGES. Thank you, gentlemen.

(Whereupon, at p. m., the committee recessed, to reconvene at 4 p. m., in open session.)

## STATE DEPARTMENT—Resumed

### AFTERNOON SESSION

(The committee reconvened at 4 p. m., upon the expiration of the recess. Senator Styles Bridges, chairman, presiding.)

(Present: Senators Bridges, Brooks, Ball, Ferguson, Wherry, Cordon Dworshak, McKellar, Hayden, and O'Mahoney.)

Chairman BRIDGES. Mr. Thorp, we called you and Mr. Dort back because there were various questions raised after you left here today. Senator Cordon and other members of the committee wanted to ask you further questions.

Senator Cordon will start the questioning.

Senator CORDON. Mr. Chairman, the first question that comes to my mind has to do with the situation in Italy. I did not hear the opening of the testimony this morning. I heard the closing. It leaves me confused on that statement entitled "Supplemental Estimate, Foreign Aid Act of 1947, Fiscal Year 1948."

#### VALUE OF ADDITIONAL SUPPLIES FOR ITALY FOR APRIL

I find delineated some \$34,962,000 as landed cost, of additional supplies for Italy, for April of this year. I just do not understand it. I would like to have an explanation.

#### AMOUNT REMAINING FROM ORIGINAL APPROPRIATIONS

Mr. THORP. The situation is this: We have remaining from the original funds appropriated, \$62,000,000, which can be used before March 31 to start the procurement procedure for items which would be shipped during April. The total requirements of the commodities which have been provided under this program for Austria, France, and Italy, are \$117,000,000 for that month. That leaves a \$55,000,000 deficit.

Senator CORDON. I heard all that this morning.

Mr. THORP. We have not broken down as to just how the \$62,000,000 would be distributed and how the \$55,000,000 would be distributed. It is perfectly possible that if there were only the \$62,000,000 its allocation might be such as to take care of a larger proportion of the requirements for one country than another country.

Senator CORDON. Let us get right down to facts. I think you are evasive and I want to get the facts.

#### ALLOCATIONS OF ORIGINAL APPROPRIATION

You have \$522,000,000. Did you apportion it or allocate it among the three countries of France, Italy, and Austria?

Mr. THORP. Yes, sir.

Senator CORDON. What were the amounts of the allocation?

Mr. THORP. The allocated program, \$57,000,000 for Austria, \$284,000,000 for France, and \$181,000,000 for Italy. Those were the programs as they stood on March 19. I might say that the programs do have to shift from time to time in accordance with relative needs and availabilities but that was the program as it stood on March 19.

#### ALLOCATION TO ITALY

Senator CORDON. Taking that program, then, as of March 19, the allocation to Italy in the first instance was \$181,000,000, was as of March 19, or had, as of March 19, an adequate surplus to run it on through the middle of April, did it?

Mr. THORP. Yes, sir; on the basis of that allocation, that is correct.

Senator CORDON. So in order to find some basis upon which you could make any of this \$55,000,000 available to Italy you would have to change that allocation?

Mr. THORP. Of this new \$55,000,000, that is correct on the basis of the program as we have had it. As I said, we have \$62,000,000 and that \$62,000,000 can cover the Italian program for April.

Senator CORDON. You say can cover. It will cover, will it not, on the basis of your own allocation? It will cover it, will it not, on the basis of your original allocation?

Mr. THORP. On the basis of the original allocation; yes, sir.

Senator CORDON. But in order to add it up to \$62,000,000 you have to rearrange your original allocation; do you not?

Mr. THORP. No, sir.

#### TOTAL LANDED COST OF SUPPLIES FOR ITALY

Senator CORDON. Under the heading of "Italy" you show a total landed cost of \$181,000,000 on this supplemental sheet, do you not?

Mr. THORP. Yes, sir.

Senator CORDON. Then why would you add in another \$34,962,000 if you have enough money now?

Mr. THORP. We have not added it in, Senator. You see, the total at the bottom of that column for the three countries is \$117,000,000. I believe I made it clear—I tried to—that we had in hand \$62,000,000 of that \$117,000,000, and that it was the other \$55,000,000, the balance, that we were requesting.

#### PERIOD COVERED BY ALLOCATION

Senator CORDON. When you set up \$181,000,000 for Italy, did you set it up for the period ending the middle of April when you allocated \$181,000,000 of the original \$522,000,000 appropriation to Italy? Did you allocate it on the basis of its being expended over a period up to the middle of April, or did you stop with the last of March?

Mr. THORP. We allocated it on the basis of being able to take care of the April shipments for Italy.

Senator CORDON. Did you do that with reference to France and Austria?

Mr. THORP. No.

Senator CORDON. Why?

Mr. THORP. Because we had only \$522,000,000 as a total to work with.

Senator CORDON. Why was Italy's necessity greater than that of Austria or France?

Mr. THORP. It was our judgment that it was greater than that of France. As far as Austria is concerned there is enough to take care of Austria, also.

Senator CORDON. Yet you did not allocate Austria's supplies through the middle of April, did you?

Mr. THORP. No, sir.

Senator CORDON. Why?

Mr. THORP. This was a program as we allocated it on March 19. The Austrian situation is a critical one. They have no resources. We have occupation forces there. We would have had to increase the Austrian program as we see it now, to \$65,000,000, which would have meant cutting down the French program.

Senator CORDON. I was not asking you about the allocation of March of this year. I was asking you about your allocation initially.

Mr. THORP. When you said of March, I meant the allocations as they stood on March 19.

Senator CORDON. When were they originally made?



Mr. THORP. We have had a program which has varied from time to time. Of course, we originally appeared with a tentative program before the Congress when we proposed the original program.

Senator CORDON. Let us go back to the beginning. When you knew how much money was available, which was \$522,000,000, you immediately divided it, allocating so much to France, so much to Italy, and so much to Austria, did you not, that being \$284,000,000 to France, \$181,000,000 to Italy, and \$57,000,000 to Austria?

Mr. THORP. That I would not say we did immediately upon the passage of the law.

Senator CORDON. When did you do that?

Mr. THORP. We started, I recall, with certain shipments to these countries without having an allocation of the total amount, and I do not recall when we reached a point where our allocations totaled up to the entire \$522,000,000.

Senator CORDON. What I am endeavoring to determine is how you come by a situation where you have allocated to Italy a sum of money which will purchase all of the supplies and materials which you program for Italy, up to the middle of April of this year, that being \$181,000,000, and yet you did not make such an allocation for Austria, nor one for France, and I am trying to determine why you picked out Italy for that preferential treatment, if it was that?

I would like to have one of you do the answering, if one of you know the answers. It is immaterial who answers, so long as we get at the facts.

Mr. DORT. Senator, originally some several weeks before this allocation of March 19, there was an allocation for Austria of \$57,000,000. At that time we anticipated that it would take care of Austria's needs during April.

#### REASON FOR INCREASING SHIPMENTS TO AUSTRIA

Subsequent to that time we received information from our officials in Austria that the collections of food were less than they had anticipated from the Austrian economy and we had to step up the food supply to Austria. We did not increase Austria's allocation. We simply took it, in effect, out of what we had tentatively set aside for part of Austria's April shipments.

So Austria's program thereby fell short. The only way we could meet her April shipments, after having increased her shipments in the meantime would be to take it out of the program of one of the other two countries.

Senator CORDON. Have you any information to give to this committee as to why the Austrian collections fell short of the estimate?

Mr. DORT. We have had reports from the military authorities there that the Austrian Government had not collected as much as they originally estimated they would.

#### AUSTRIAN FOODSTUFFS COMES MOSTLY FROM RUSSIAN-OCCUPIED AREA

Senator CORDON. Is it not a fact that the major portion of the so-called Austrian local collection of foodstuffs would have to come from the Russian occupied area?

Mr. DORT. A good part of it does; yes, sir.

Senator CORDON. Give us all the facts about it. Have the Russians refused to permit it to come over? What is wrong?

Mr. DORT. We have had no information to that effect, sir. The only information we have is that the Austrian Government says that the farmers are not turning in as much as they had estimated. I could look up those reports and try to get the details, but there has been, as far as I know, no indication that it was because of any particular obstruction on the part of the Soviets, although that is possible.

Senator CORDON. If the shortage resulting in Austria does not result from an actual scarcity of grain in Austria, but solely a failure of the administrative machinery of Austria to properly distribute the grain that it has, I can see no reason why we should continue gratis, to furnish that additional grain to Austria.

Mr. DORT. I am not sure, Senator, whether it is a matter of the total amount which has been harvested or the amount that they can collect.

Senator CORDON. It seems to me, gentlemen, that when you come before the committee you should come prepared with all the facts. We should know that.

Let me ask you this: From the information you have, which is that the Government of Austria has not collected what it expected to collect in the way of grain from its own growers within Austria, can you determine how much additional grain is needed to exclude that bunch of growers who certainly have more grain than you expected them to have because they have not turned it in, or are we furnishing grain to them, also?

#### GRAIN SHIPPED BY UNITED STATES GOES TO NONPRODUCERS OF GRAIN

Mr. DORT. The grain that we ship in goes only to the nonproducers, the people primarily in Vienna. Of course, the amount that we ship in is calculated to add to what they can collect within Austria and the total is to be sufficient to maintain their rations. And the ration is for the city dwellers.

Senator CORDON. Do you know, with reference to any grain or food-stuff turned in from the Russian occupied area, that something else has to go into the area? That is a fact, is it not?

Mr. DORT. There is a movement both ways within Austria, yes, sir.

Senator O'MAHONEY. Senator Cordon, may I ask a question?

Senator CORDON. Certainly.

#### REASONS FOR FAILURE OF AUSTRIA TO COLLECT GRAIN

Senator O'MAHONEY. When you said that a report came from the Government in Austria that not as much grain was being collected as the government had anticipated and that, as I recall your words, the farmers were not turning it in, did you draw from that report the conclusion that this deficiency was due to lack of production or to withholding of produced grain by the farmers?

Mr. DORT. I do not recall, Senator, whether the Austrian Government distinguished. They said "we can collect only so much," and this was what has been coming in monthly.

Senator O'MAHONEY. You can see that is a very important distinction—

Mr. DORT. I can see it is.

Senator O'MAHONEY. When it comes to considering a contribution from the United States.

Mr. DORT. I got the impression from the reports that our officials in Austria felt that the Austrian Government was not generally deficient in the efforts which it was making for the collection and distribution of grain.

Seantor O'MAHONEY. That is a very important matter to put on the record.

Senator CORDON. Does your State Department say that, or is that just your conclusion?

Mr. DORT. That is an impression that I recollect from the reports.

Senator CORDON. Maybe you had better bring the telegrams and at the same time determine the fact.

Mr. DORT. Yes, sir.

(The information requested is as follows:)

Although a number of telegrams refer to the fact that indigenous collections of food are lower than the original estimates of the Austrian Government the cause of this failure is not referred to in the telegrams. A discussion of the cause is, however, contained in a report dated February 10 from the American authorities in Vienna. The pertinent part of this report is as follows.

"COLLECTION FROM 1947 CROP

"The new methods of collection introduced during the summer of 1947 by the passage of the agricultural quota and agricultural collection laws (see Legation Rept. Nos. 101 and 114 of July 24 and August 18, 1947, respectively) were reduced somewhat in their effectiveness by the announcement in August that the price and wage readjustments then made would remain in effect for at least 3 months, thereby indicating to farmers the possibility of future price increases. An additional factor in the withholding of deliveries and the lessening of the effectiveness of the above laws was the rumor of currency reform, which later in the year became a reality. Delivery returns for the period July—December, 1947, for the important grain crops are shown in the following table.

Product in terms of grain	1946 quota	Deliveries July-De- cember 1946	Percent of quota	1947 quota	Deliveries July-De- cember 1947	Percent of quota
	<i>Metric tons</i>	<i>Metric tons</i>		<i>Metric tons</i>	<i>Metric tons</i>	
Wheat and rye.....	186,749	151,122	80.9	240,000	136,998	57.1
Barley.....	33,000	21,711	65.8	38,150	24,471	64.1
Oats.....	33,700	11,935	35.4	34,925	15,937	45.6
Corn.....	20,000	1,684	8.4	23,160	14,645	63.2

"Detailed monthly delivery reports through December 1947 have already been submitted with previous reports.

"In order to accelerate deliveries the Federal Food Directorate decided at its meeting on January 29, 1948, to invoke the heavy fines provided for under the agricultural quota law unless producers were able to furnish legitimate explanations for failure to deliver. In the case of bread grains the fine was fixed at 5 schillings per kilogram, and of feed grains at 2 schillings per kilogram, the fine to be imposed on the basis of the undelivered portion of 80 percent of the fixed but nondelivered quota. March 15, 1948, was set as the date by which 85 percent of the prescribed quota must under all circumstances be met. The imposition of and payment of the fine do not release the producer from his obligation to make delivery of his full quota.

"In view of the moderating reaction of the Federal Minister of Agriculture to a strong protest lodged by the Federation of Lower Austrian Farmers (Bauernbund) several days after the announcement of the impending imposition of the fines, in which the federation demanded that the legal basis of the Food Directorate's decision be examined by the Austrian Supreme Court, it seems doubtful that the imposition of the fines will be carried through very rigorously.

"IMPORT REQUIREMENTS

"Under her current ration scale Austria has need for approximately 52,000 metric tons of flour equivalent per 4-week ration period to fill the rations of non-



self suppliers. At the present time this ration is being met by approximately 17,000 metric tons of indigenous flour and 35,000 metric tons from United States relief aid sources. Total requirements of flour for a 12-month period (13 4-week ration periods) are approximately 680,000 metric tons (in terms of flour), of which only around 220,000 may be expected to become available from indigenous collections. The balance (approximately 460,000 metric tons) must be imported, for which the United States is presently the only source.

"While Austria technically has full control of her indigenous resources, she was restricted by a decision of the Allied Council from using more than one-thirteenth of her estimated availabilities from the 1947 harvest during any one ration period. Beginning with November 10 (thirty-fourth ration period), this restriction was changed in respect to flour to read 'one-eleventh of 188,000 metric tons,' the anticipated balance collectible during the 11 ration periods, November 10, 1947, through September 12, 1948. This restriction must be borne in mind, therefore, when considering stocks available for use at any time when there might be a delay in receipt of shipments from the United States. An estimate of requirements and availabilities to cover the period until the 1948 indigenous harvest will become available is given below.

*"Austrian flour requirements, Sept. 15, 1947, through Sept. 12, 1948*

	Metric tons
Estimated requirements for 13 ration periods.....	680,000
Estimated distribution, Sept. 15, 1947, through Feb. 1, 1948 (thirty-second to thirty-sixth ration periods) :	
Indigenous.....	89,000
United States supplies.....	167,000
Estimated availabilities from indigenous collections, Feb. 2 through Sept. 12, 1948 (thirty-seventh to forty-fourth ration periods) .....	130,700
	<u>392,700</u>

Estimated additional imports required to meet needs until new crop 1948 becomes available..... 287,300

"The above requirements are based upon a ration scale of approximately 1,700 to 1,800 calories per person per day. Should any increase in this scale occur which would involve an increase in the daily flour allotment, the above figures would have to be raised in proportion.

"PRICES

"Increases in producer prices of agricultural products were invoked in August 1947 in time for the new harvest, in an effort to obtain accelerated and greater deliveries. The following table shows the principal changes for grain crops :

*Austria: Prices of agricultural products, 1947, with comparisons <sup>1</sup>*

[In schillings per 100 kilograms]

	Whole-sale, 1937 <sup>1</sup> (average)	Producer prices	
		August 1946	August 1947
Wheat.....	37.00	33	52
Rye.....	26.00	29	48
Barley:			
Fodder.....	22.75	22	37
Industrial.....	29.50	29	<sup>2</sup> 47
Brewing.....	33.25	32	<sup>2</sup> 51
Oats.....	26.68	26	44
Maize.....	22.88	26	44

<sup>1</sup> Comparable prices for 1938 are not available. Prices for 1937 are wholesale market prices as quoted on the Vienna Produce Exchange. Fixed prices were nonexistent prior to the German occupation, and prices received by farmers were those listed in the wholesale price list less customary transportation and selling commissions. However, in some instances farmers also disposed of their products directly to retail purchasers. A complete list of comparative prices for 1937 is not available.

<sup>2</sup> Barley for industrial purposes (brewing and coffee substitute) may be sold only after quota for food purposes has been delivered.

"Had the above increases taken effect without an accompanying increases in wages or in the prices of other goods and services, the farmer would have benefited considerably and in all probability would have been less tempted to withhold deliveries for trading on the black market or feeding of human food to livestock. However, as soon as the prices of agricultural products were raised there was a strong demand for increases in wages and in the prices of manufactured products. In order to meet the various demands and also stabilize wages and prices, a readjustment was made in August of the entire Austrian price and wage structure. This wholesale readjustment did not result in increased deliveries of farm products into rationing channels, since the farmers felt that they were little better off relatively than before."

In the January report of the United States Relief Mission the matter is also discussed, indicating that part of the difficulties arise from lack of cooperation on the part of local Austrian and Russian officials in the Soviet zone and from radio propaganda put out by Radio Belgrade. The pertinent part of the report is as follows.

"The main cause of the failure to meet the 1,700 level has, of course, been the failure of collections, which is the subject of serious concern to the Austrian Government.

"In the French and American zones, collections have exceeded the quotas set. The Soviet and British zones, however, have not delivered more than three-quarters of their yearly quota. In the Russian zone, the federal government meets opposition from local officials and the occupying power. In the British zones the officials have recently been induced to make greater efforts. In Kaernten and Landeshauptmann personally organized a team of all his officers and inspectors and made a farm-to-farm search in one Bezirk. They discovered significant quantities of livestock, potatoes, and grain that had not been reported, and six farmers are now awaiting trial. It is expected this will have an energizing effect on other recalcitrants. However, our observer in the British zone recently gave a good example of the political difficulties the Government faces in matters like this. The most recalcitrant area in the British zone in respect to deliveries is that area along the Yugoslavian border now claimed by Yugoslavia. When pressure is brought on the local populace by Austrian officials, the effect is counterbalanced the next day by Radio Belgrade, which tells the farmers that they do not have to obey the Austrian demands, since they belong to Yugoslavia. This area composes 22 percent of the indigenous production of the Land Kaernten."

Senator CORDON. We understand that the \$57,000,000 allocation originally made to Austria seemed to be enough to carry Austria through to the middle of April. Later advices were that they had not been able to collect as much grain as they expected to, and, therefore, it is necessary to provide additional funds from the last of March to the middle of April. Is that a correct statement?

Mr. DORT. That is correct, sir.

Senator CORDON. In Austria you have 103,000,000 long tons of grain worth \$7,844,000. The total amount of supplies to go to Austria for the first half of April is \$13,430,000, or substantially \$5,000,000 for foodstuffs other than grain. Wherein was the error with reference to that type of foodstuff which you have already said you expected to pay for out of the \$57,000,000 allocation?

#### AMOUNT REMAINING OF ORIGINAL ALLOTMENT

Mr. DORT. Senator, the first column there, of shipments through March, amounts to between 51 and 52 million dollars. We had, out of the original allocation, then, between 5 and 6 million dollars left over.

Senator CORDON. That is satisfactory. That answers it. It is perfectly clear. We can get it where we can see it.

## COAL SUPPLIES PAID WITH AMERICAN DOLLARS

This is a little bit off the point, but you have itemized under Austria, coal from the Ruhr and from Poland, 501,000 long tons from the Ruhr and 219,000 long tons from Poland for the period ending on March 31. Is that paid for in American dollars?

Mr. DORT. Yes, sir.

Senator CORDON. So that there was paid to Poland \$3,286,000 in American money?

Mr. DORT. That is right.

Senator CORDON. And to the Ruhr, \$7,014,000?

Mr. DORT. Of course, the payments to the Ruhr are part of the funds that are used for the support of Germany.

Senator CORDON. I understand that.

Now, in the balance of the period, being from the 1st to the middle of April, you expect to purchase from the Ruhr 170,000 long tons of coal and 55,000 long tons from Poland. Is that correct?

Mr. DORT. That is right, sir.

Senator CORDON. That makes whatever money you pay to Poland American dollars available for purchase in the satellite countries, does it not?

Mr. DORT. It makes available to the Polish Government, yes, for any use they make of it.

Senator CORDON. And that is deemed to be at the present time one of the Russian satellite governments?

Mr. DORT. Yes, sir.

Senator CORDON. Let us get the record straight.

## TONNAGE OF PETROLEUM FOR FRANCE FOR APRIL NOT STATED

Now let us come down to France. Here is something that I just cannot understand. You have \$10,000,000 here I want you to explain. Under "Proposed program of shipments for April" you have, opposite petroleum, \$2,500,000 from United States, and off-shore, \$7,500,000. But you do not show any additional petroleum. What is the reason for that?

Mr. DORT. We have not specified the tonnages of petroleum.

Senator CORDON. Take a look before you are sure of that, on the first column, for Italy.

## FRENCH PURCHASE THE PETROLEUM AND ARE REIMBURSED

Mr. DORT. In the case of the French petroleum they buy the petroleum and we reimburse them. We tell them, in advance, how much dollars we will make available for petroleum. They go out and buy it and then they come in with the bills and if we approve the bills we pay them. We do not always know in advance the exact type that they will buy. Sometimes they buy a little more gasoline and sometimes a little more crude oil. Therefore, at the time this estimate was made, we did not have the exact tonnage available.

We had told them that we would budget for them this much for petroleum in April.

Senator CORDON. Was your arrangement with Italy the same?



Mr. DORT. In Italy I believe that they had had discussions with the Italian technical mission on the exact program. I would have to check that, sir, because I am not absolutely certain.

Senator CORDON. Then as far as having any knowledge for this committee as to the amount of petroleum or petroleum products to sustain France for the first half of April, you have no information?

Mr. DORT. I might be able at this date to get the exact tonnage. As of the time this table was prepared we had given them this budget, which was based on the general amounts that we had authorized previously for the same type of thing, and we had not the exact tonnage.

#### ORIGINAL ALLOCATION TO FRANCE

Senator CORDON. Now coming back to a general proposition of your allocation to France, out of the \$522,000,000 you allocated \$282,000,000?

Mr. DORT. Yes, sir; that is right.

Senator CORDON. March 19?

Mr. DORT. Yes, sir.

Senator CORDON. Was that allocation to cover expenditures and supplies up to the middle of April or was it not?

Mr. DORT. It would cover part of April shipments. It covered the grains. I do not believe it covered anything else.

Senator CORDON. You say it did cover the grain to France?

Mr. DORT. Yes. It covered the grain to France. It may have covered part of their dairy products. It did not cover their coal or their petroleum.

Senator CORDON. It did not cover coal or petroleum. How about the cotton and fibers down there, the last item?

Mr. DORT. It did not cover the cotton.

#### AMOUNT ALLOCATED TO COTTON AND FIBERS

Senator CORDON. What was the occasion of programing for France initially \$20,000,000 worth of cotton and fibers? Is that deemed to be something in the form of relief?

Mr. DORT. Well, it was included among the items which the bill authorized. We felt that it was very important that the materials for textile production go into France. It is one of their basic needs for the supply of both clothing and of other forms of textiles. And it is included in the bill as one of the authorized commodities.

#### REASON FOR INCREASED DEMAND FOR COTTON AND FIBERS

Senator CORDON. I notice that you first programed up to the end of March, \$20,000,000 worth of textiles. That is for January, February, and March, as I recall it. And for the first half of April you have \$6,000,000. What was the occasion of the sudden upsurge in necessities for the cotton and fibers?

Mr. DORT. We have had reports that there is a great shortage of cotton in France and that that was a very urgent need. In looking back at the estimates, sir, which we submitted originally to your committee, I note we had \$35,000,000 for France for cotton at the time we submitted the original program.

Senator CORDON. When you found you had \$522,000,000 to spend, you allocated \$20,000,000 for that purpose?

Mr. DORT. That is right. We reduced it from \$35,000,000 to \$20,000,000.

Senator CORDON. Now, with only 2 weeks to go in April, you want \$6,000,000 more?

Mr. DORT. Yes, sir. We feel that their stocks are at a point where they really need that amount of cotton to keep their textile mills going.

#### AMOUNT SET UP FOR APRIL SHIPMENTS TO ALL THREE COUNTRIES

Mr. THORP. We understand it will lead to unemployment in the textile industry unless this flow of cotton continues.

Mr. DORT. I should point out that this program of \$117,000,000, in the second column, is a program for the whole month of April shipments. It includes the entire April shipments. You will notice it states that it is the proposed program of shipments for April.

Senator CORDON. I understood you this morning to say it represented only the first 2 weeks of April.

Mr. THORP. It represented the procurement which would be begun in that period, up to that time. Some of the procurement has to start in March and some of it comes in the early part of April for shipments which are made in April.

Mr. DORT. This \$117,000,000 is a full April shipping program.

Senator CORDON. Its utilization will be long after April, will it not?

Mr. DORT. All of it is scheduled for shipment in April. Very frequently there is some lag in shipments. But this includes the April allocations of grain and coal, and it is all programed for shipment. It will arrive afterward; yes, sir.

Senator CORDON. That is what I am getting at.

Mr. DORT. It is scheduled for shipment from this side in April.

Senator CORDON. I just call your attention to the note at the bottom of your itemized sheet here, that 55,000 tons of coal for Austria from Poland and Czechoslovakia will probably not be shipped until May.

Mr. DORT. Yes, sir.

Senator CORDON. Then, as a matter of fact, as of now, there is either in the pipe line that is loaded on the way, on shipboard, or there has arrived in the several countries adequate commodities and supplies, according to your program, to meet your program of relief through the month of April?

Mr. DORT. You are absolutely right, sir.

Senator CORDON. Without any more money, that is, you have that now bought, and it is either there or on its way?

Mr. DORT. That is right.

Senator CORDON. And all this does is cure a financial hiatus.

Mr. DORT. That is right.

Mr. THORP. That is not quite correct.

Senator CORDON. Get together on it.

#### EFFECT OF FAILURE TO RECEIVE FUNDS AT THIS TIME

Mr. THORP. If there is a financial hiatus, then there is a procurement hiatus and at some later time there is a shipment hiatus and finally there is a consumption hiatus. But the point is that if you have

funds which you would ordinarily spend in the latter part of March and early part of April those on the average would create shipments in April which would be arrivals in May and quite possibly create employment in late May or early June.

If you do not start this process, however, in later March or early April, there is nothing you can do to fill that hiatus in the other country in May or June.

Senator CORDON. It is still a financial hiatus. You have not got the money with which to bind the producer so you will have the stuff on hand.

Mr. THORP. It is created by the financial hiatus.

Senator WHERRY. When does ERP come into operation, when it is passed?

Mr. THORP. When ERP is passed it will go into operation just as quickly as the technical procedures of setting up accounts, working with the General Accounting Office and the Treasury and the establishment of orders can be put in.

I would think that can be done within a week or so after ERP is passed.

Senator WHERRY. Are these funds needed to tide you over until then? Is that the idea?

Mr. THORP. The idea is that these are funds to be deducted from the ERP funds to fill the financial hiatus so that there will be no break in shipments, no break in arrivals during this interval.

Senator WHERRY. Do they need this money for the hiatus?

Mr. THORP. Yes, sir.

Senator WHERRY. Go ahead. I cannot quite get this hiatus business.

Mr. THORP. The situation is this. Let's take specifically the case of wheat. Wheat is allocated in this country for purchase by foreign countries. They are allowed to buy so much wheat for shipment in the month of April. In order to get that shipment into the month of April you have to start your purchasing ordinarily, in the middle of March. That is, the Department of Agriculture, which handles the purchasing, normally would start March 15th purchasing, assembling and bringing to the ports, for shipment during April.

Our worry is that we will not be able to put funds in the hands of the Department of Agriculture for them to make the perfectly normal arrangements, normal in the sense of fulfilling allocations for the month of April.

If the funds do not come to them until the 15th of April they cannot procure it.

Senator WHERRY. But if it is procurement you are anxious about, they do not pay for those funds just—they are billed, are they not?

Mr. THORP. No, sir; the funds are not paid out until a much later date, but they will not start procurement unless the funds are—

Senator WHERRY. Why can you not pay the funds out of ERP?

Mr. DORT. Normally, the Department of Agriculture requires that we allocate the funds to them for obligation no later—

Senator WHERRY. You mean the cash money?

Mr. DORT. We make an allocation to them.

Senator WHERRY. Before they ever get the goods?

Mr. DORT. That is right.

Mr. THORP. Before they start procurement.



## GRAIN PURCHASE PROCEDURE

Chairman BRIDGES. On the other hand in the interim aid bill it was brought out very clearly that even before you got the money, and even before we started hearings, they had all the grain purchased.

Senator WHERRY. That is right.

Mr. DORT. On an April allocation we have to have the money to them by March 15 or the grain will not arrive for the shipment.

Chairman BRIDGES. But in the interim aid bill, which we heard during November and December, we heard the Secretary of Agriculture and his aides, as well as the State Department people state that the purchasing had already occurred long before the money was appropriated or even before we had hearings on it.

Mr. DORT. They undertake general buying programs from time to time using CCC funds. But to get grain which is in the warehouse at Kansas City allocated to this program and on the train to a port, they have to have the cash in hand from us. They require that by the 15th of the month preceding the date on which the shipment takes place.

Senator WHERRY. But the point that Senator Bridges made is the point that I was going to bring up. The arguments on the floor went to the fact that they had already gotten the grain, all we did was to approve the money last time. Is that not right? They had already purchased it.

Mr. DORT. They buy grain——

Senator WHERRY. In this particular case they bought it. All we did was to bring the Congress back to reimburse the Commodity Credit Corporation for the funds they had already spent to get the grain or some agency of the Department of Agriculture. I think it is Commodity Credit.

Chairman BRIDGES. That is right.

Senator WHERRY. The point I am making here is if it is a question of procurement and ERP can be transferred in a week over to operation, why do you have to have these funds?

Mr. DORT. They will not start a train——

Senator WHERRY. They did then, did they not?

Mr. DORT. No, sir.

Senator WHERRY. What is the difference between the arrangements now and the arrangements you had last fall when they went out and procured the wheat anyhow?

Mr. DORT. I am sure that they have never shipped a ton of grain unless they had the money on hand, in advance, before that grain was loaded. At least I have never known them to do that.

Senator WHERRY. When it comes to the question of credit or payments I am not saying—and I do not want to interfere with the line of questions that Senator Cordon had started here——

Senator CORDON. Go right ahead.

Senator WHERRY. It seems to me that with ERP going in within a week on procurement, certainly Uncle Sam's credit is all right. I would not think you would have to worry about getting the money. It seems to me you would shift right over, you get the procurement, you keep making the purchases and the ERP funds would be available for the payment thereof. Otherwise it seems to me that there is a question here of getting funds that could be in addition to what is set up in the ERP.

## FUNDS MADE AVAILABLE NOW TO BE DEDUCTED FROM ERP FUNDS

Mr. THORP. May I say that I think the point you just made is important. We are suggesting that these funds be deducted from the ERP funds, that whenever it is determined as to what is appropriate for the ERP program this much of the program will have been done, and will have been financed, and the program should be reduced by \$55,000,000.

Senator WHERRY. Why not just go on the theory that you will not have to reduce anything, and just go ahead and procure them, at the end of the ERP you have the money to pay for what you really need. On your theory you would pay back or reimburse some agency for what they have already done.

## FUNDS MUST BE AVAILABLE FOR GRAIN AND COAL PRIOR TO SHIPPING ALLOCATION

Mr. DORT. There are two main items, sir; the grain and the coal. Now, in both cases we are normally required to put up the money by the 15th of the month, prior to the actual shipping allocation.

Senator WHERRY. By "we" you mean the Department of State?

Mr. DORT. Yes, sir.

ERP funds will be needed by April 15, that is, actually put up April 15, for the May allocations.

Senator WHERRY. How did you handle that last fall? Where did you get your money?

Mr. DORT. As I recall, sir, we never ship without any money. We had money for shipments.

Senator WHERRY. You are sure you had the money? I am not saying you did not have it.

I remember the testimony. It seems to me when we got back here all we decided we had to do was to reimburse somebody for something they had already bought. Is that not the theory?

## GRAIN-PURCHASE PROGRAM OF COMMODITY CREDIT

Senator FERGUSON. Secretary Anderson testified to that.

Mr. THORP. I think it is true that the CCC had bought substantial quantities of grain and had them at hand.

Senator WHERRY. Right there, if they did that, where did you get the money? It was not allocated because the program had not been approved yet.

Mr. DORT. They buy that with funds of the CCC.

Senator WHERRY. But say you bought it from funds. Where did you get the funds to buy it; if the Congress had not approved it? Where did you get the funds? Congress had not yet approved it.

Mr. THORP. We did not get any funds at all. There were two sources of funds that the Department of Agriculture used for their purposes. One was the capital of the CCC itself. And secondly, it was Army funds, because they are buying for the Army for shipments abroad.

Senator WHERRY. Then you did not have it?

Mr. THORP. We did not have it; no, sir.

Senator WHERRY. But you got the grain.

Mr. DORT. We had money before the grain was shipped.

Senator WHERRY. Congress got it for you, I suppose. Because that is what the appropriation was for. But you did not have the money before you bought the grain because it was not appropriated, unless you had funds from other sources that you took and put it up to the Department of Agriculture.

Am I correct in that now?

Mr. DORT. The CCC would buy the grain with their own money.

Senator WHERRY. Not out of your funds?

Mr. DORT. No. With their own money. But they would not get it on the way to a ship with our program until we turn the money over to them so they can credit their own funds.

Senator WHERRY. Why can you not go out now? You have one week in which you go right over to ERP and then you get the funds.

Mr. THORP. At that time I believe that the CCC had an assured market in the sale of this to the Army and that they were not buying in contemplation of their program at all, but in contemplation of the Army requirements.

Senator FERGUSON. I cannot agree with the record on that. Mr. Anderson's testimony was clear.

Mr. THORP. That he was buying for this in advance of its enactment?

Senator WHERRY. That is right.

Chairman BRIDGES. As Senator Ferguson indicates, we were wondering whether the appropriation of this money for the purchase of wheat would increase the cost of living. Mr. Anderson testified that that would not result. Why? Because all the grain has been previously purchased.

Mr. THORP. I would like to say that in this particular operation the function of the State Department is merely a function of transmitting to the Department of Agriculture, and when they buy and how they buy is something which we are not in a position to testify.

#### COMMODITIES NOT PURCHASED BY STATE DEPARTMENT WITHOUT CONGRESSIONAL APPROPRIATION

Senator O'MAHONEY. For the State Department, Mr. Thorp, have you ever bought any commodities without a congressional appropriation?

Mr. THORP. No, sir; I do not think we have ever bought any commodities anyway.

Senator O'MAHONEY. What authority would you have to buy any commodities for this program, or the ERP program, unless an appropriation had been made by Congress?

Mr. THORP. None.

Senator O'MAHONEY. With respect to the interim aid program, have you any knowledge of any orders going from the State Department to the Department of Agriculture for the purchase of grain or other commodities with respect to the interim aid?

Mr. THORP. Not in advance of the passage of the act.

Senator O'MAHONEY. That is what I mean. Did you ever give any orders to the Commodity Credit Corporation or make any request of the Department of Agriculture to buy any material for the interim aid without an appropriation having been made?



Mr. THORP. No; we have no authority to do that.

Senator O'MAHONEY. Do you have any knowledge of what the source of the funds which may have been used by the Department of Agriculture or the Commodity Credit Corporation, to buy grain or other commodities which were used for interim aid shipments?

Mr. THORP. I have no specific personal knowledge.

Senator O'MAHONEY. I did not think you did.

Mr. Chairman, my recollection of that was that the testimony of the Secretary of Agriculture was to the effect that because the Commodity Credit Corporation was buying for the Army and had funds, Commodity Credit funds, it had accumulated stocks of grain which could be used for the interim aid before the interim aid program was actually appropriated.

In other words, it had on hand the stock which could be utilized. That is just my recollection.

Senator FERGUSON. Mr. Chairman, there is no evidence that the Army, as I recall it, needed this amount of grain. They anticipated this program and bought for this program.

#### PURCHASE OF SUGAR BY COMMODITY CREDIT CORPORATION

I would like to ask some questions about whether or not your Department ever purchased these commodities. Is it not true that about a month ago that there was purchased by the Commodity Credit a great amount of sugar and that the State Department used certain funds to purchase part of that sugar? Did you not order some of the sugar for your Department?

Do you know whether or not the CCC bought sugar in anticipation of the ERP program?

Mr. THORP. I know that the CCC bought sugar. I do not know the details of the transaction or the basis on which they did it.

Senator FERGUSON. Do you know how many pounds, or tons, they bought?

Mr. THORP. I could get that information. The only fact that I recall was that it was at 4 cents a pound. That is the only thing that I recall about it.

Senator FERGUSON. Is it not also true that they bought in anticipation of the European recovery program and that at least the State Department knew about the purchase and there was a tentative agreement that they could go ahead and purchase about a month ago?

Mr. THORP. We knew about the purchase.

#### NATURE OF TALKS BETWEEN CCC AND STATE DEPARTMENT

Senator FERGUSON. Is it not true that they came to you and talked about the amount of sugar that would be used on the European recovery program and that in effect they purchased it for the State Department?

Mr. THORP. I am quite sure that it would not be correct to say that it was purchased for the State Department. We talked with them about the purchase.

Senator FERGUSON. Why would they consult you about the purchase if it was not for some program that you would later be interested in?

Mr. THORP. Primarily because of this being very closely related to our general relations with Cuba.

Senator FERGUSON. Is that the only reason that they consulted the State Department, was to determine what it would do with our relations to Cuba?

Mr. THORP. No; they discussed it in terms of the possible use of this under the European recovery program, and also as I recall it, the problem as to what the effect of the existence of this surplus of sugar in Cuba might have on the general sugar market.

Senator FERGUSON. Do you claim that Commodity Credit Corporation is so connected with the foreign policy of America that they are going into other countries and purchasing commodities and crops to influence foreign policy? Is that one of the purposes of the Commodity Credit Corporation?

Mr. THORP. No, sir; but when the Commodity Credit Corporation does take a step with another country they should, I think, quite properly consider what effect it might have on our relations with that country.

Senator FERGUSON. Did you advise them how it would affect the relations with Cuba?

Mr. THORP. I believe we did. I think there was some discussion of that particular point.

Senator FERGUSON. What was the advice you gave them? That it would be good for Cuba or it would be good for the American citizens? Did you consider the American citizens in that deal?

Mr. THORP. I think that the advice we gave was that this seemed to turn primarily on the agricultural factors and the sugar requirements, and that therefore it was a matter in which the decision should be made in the CCC, rather than our having any major concern one way or the other.

Senator FERGUSON. Did the State Department oppose this deal?

Mr. THORP. No.

Senator FERGUSON. You did not oppose it?

Mr. THORP. We did not urge it, either.

Senator FERGUSON. I take from that that it did not make any difference to the State Department that it was not a question of foreign policy.

Mr. THORP. I think that we felt that it did not have an important bearing on foreign policy, that the consideration should be primarily in terms of the kind of knowledge of the sugar market and the sugar requirements which the Department of Agriculture would have rather than we.

#### EFFECT OF PURCHASE OF CUBAN SUGAR BY CCC ON PRICE OF SUGAR

Senator FERGUSON. Do you know that by the purchase of this that the price of sugar did go up or would go up by the buying of 1,000,000 tons, short tons, of raw sugar, in Cuba at this time, when the Government did not need the sugar then? Was that considered by you that it would increase the cost of living in America by the purchase of this 1,000,000 short tons of sugar?

Mr. THORP. That was part of the problem that would come under the agricultural factors and its effect on price.

Senator FERGUSON. Was that taken up by the State Department, that it would help in the inflation here, it would inflate, increase prices?

Mr. THORP. That, Senator, is not a foreign relations problem, but is rather a problem that I think we would accept the judgment of the Department of Agriculture on.

Senator FERGUSON. Did you accept the judgment on that?

Mr. THORP. As I said to you, our position with respect to that transaction, as I recollect it, was not to urge it, nor to object to it.

Senator FERGUSON. Did you know that they put out a bulletin from the Department of Agriculture, Production and Marketing, and the last sentence was "the contemplated purchase is principally for Army programs in occupied areas, and for other foreign-aid programs if needed?"

Mr. THORP. I did not know that.

Senator FERGUSON. Look at the bulletin. Did you know that they were going to use it for the purpose of foreign-air programs?

Mr. THORP. I do not see how they could, with any assurance, determine that it would be used for any foreign-aid program until such programs were established.

Senator FERGUSON. They have been holding this sugar off the market, for domestic use, or civilian consumption, this million tons of sugar. It would indicate that they are holding that part of it for future foreign-aid programs. Did you not know that?

Mr. THORP. No; I had no idea. You have got the wrong man on this, Senator Ferguson, because we are just in the periphery of this problem.

Senator FERGUSON. Who would be the man?

Mr. THORP. I would suppose the people that handled it in the Department of Agriculture, or Commodity Credit Corporation.

Senator FERGUSON. I think that comes back to the main issue now here. Why can they not do the same thing with this \$55,000,000?

Senator WHERRY. That is right.

Senator FERGUSON. Have the Commodity Credit purchase it, and allot it as they are doing with the sugar.

Mr. THORP. We have endeavored to persuade them to do that, but they have not done it.

Senator WHERRY. What is the difference between the situation now and the situation last fall? I do not see any difference, and I do not see why you have to have this appropriation, as long as you can get the procurement, because all you are interested in is keeping these goods in the pipe line. That is your testimony to Senator Cordon. Why do you need any appropriation now? Why are the circumstances any different from what they were at the time you bought the sugar?

And I want to suggest this to you: We had this up before. It is my opinion, from reflection, if my memory serves me right, that the State Department had quite a lot to do with it, because it was upon the needs that you suggested that they were buying this sugar in anticipation of ERP, and you are the ones who are responsible for suggesting the needs of these nations. Is that correct? They get the needs from you, at the Agriculture Department.

Mr. THORP. We participate with other departments in determining the needs.



Senator WHERRY. You, the Department of State, certainly had, as I remember the testimony, you wanted to buy this sugar in contemplation of the expected needs of ERP.

The State Department was consulted. These deficit balances were mentioned. If the sugar were used for that purpose, that is where they would go. I am quite confident of that, that that testimony was given in one of these hearings.

Mr. THORP. We have presented to the Foreign Affairs Committee and Foreign Relations Committee, also, schedules of commodities which we thought might go out in the European recovery program, and that included sugar.

STATE DEPARTMENT MUST HAVE FUNDS BEFORE PURCHASES CAN BE MADE

Senator WHERRY. That is exactly right. Now, in view of that fact, and in view of the fact that they purchased this sugar, I ask you now why is there any difference between the procedure then and what you have to do now, and these appropriations, because you still can get your procurement, you can still get the money.

Mr. DORT. They have the grain, Senator, for April shipments; they are buying it this month, with their own funds. The CCC is. But they will not start that grain moving toward a ship to get loaded to go in this program until we give them the money. Their grain is in warehouses, for example, out in Kansas City.

Senator WHERRY. I understand that. But the point I am making is this: You can still procure this sugar, you can still ship it, and have the money by the time you need to ship it. Is that not right?

Mr. DORT. It depends when we have the ERP money. This is a program for April shipments.

Senator WHERRY. It looks like you are going to get the ERP money almost as quickly as you are going to get interim money. I do not see any difference there.

Mr. DORT. It takes at least 2 weeks from the time they will issue an order to start the grain moving from Kansas City until it can be shipped.

Senator WHERRY. You mean they will not actually ship until the money is there, whether it comes from Commodity Credit or you?

Mr. DORT. That is right. They will not even start it from an inland warehouse. This is needed for shipments to load and leave during April. So the money is needed 2 or 3 weeks in advance.

Senator WHERRY. But your testimony to Senator Cordon is that you needed the procurement, even though you do not use it this month or next month.

I maintain that on the basis of how you have operated you can get the procurement, ship it, and get the money for it. I can see that you cannot ship a thing until the money is there. That is probably true. But I cannot see for the life of me why you cannot continue to procure, why you cannot make your shipments on order, as the allocations are needed, without ever appropriating this money, but getting it out of ERP.

Mr. DORT. In grain you can procure.

Senator WHERRY. In grain?

Mr. DORT. Yes.

Senator WHERRY. But you cannot——

Mr. DORT. You cannot get the grain moving to port until you give them the money. That takes 2 or 3 weeks. With another week that is needed after the passage of the act before your money is available you have a 3- or 4-week period there. What we are trying to do is to avoid a break in shipments during April.

#### COAL PURCHASED ON PRIVATE CONTRACT

As far as the coal is concerned, I should point out that that is bought not by a Federal agency, but on private contract, and there we cannot actually make the procurement contract until we have the money on hand.

Senator FERGUSON. Has not coal been shut off?

Mr. DORT. There is an embargo at the present time.

Mr. THORP. Coal is shut off today. But there is no telling how long that will be shut off. We are going on the assumption that it will be possible to procure coal for April shipments. If that is not true then obviously we will not procure any coal, and it will not go forward.

Senator FERGUSON. Mr. Thorp, do you know whether or not the CCC contemplates a purchase of any more sugar from Cuba?

Mr. THORP. I have not heard of any such proposal.

Senator FERGUSON. Are they not considering another purchase?

Mr. THORP. I have not heard about it.

Senator FERGUSON. That is, to keep the price up, and help Cuba?

Mr. THORP. I do not know of any such proposal.

Senator FERGUSON. That is all, Mr. Chairman.

Senator WHERRY. One more question. Have you made any difference in the appropriations under interim aid because of the holding up of collections of steel or petroleum products? I remember just last week, when we had Secretary Forrestal before us, that he requested more time in which to advise more fully in regard to other aspects of the Saudi-Arabian pipe line. This would include his recommendation on further exports of thousands of tons of steel pipe, and other oil field goods for the projects. Have you been in touch with him?

Mr. THORP. Yes, sir.

Senator WHERRY. Have you been in touch with him?

Mr. THORP. Yes.

Senator WHERRY. These allocations might change considerably, if this appropriation is considered.

Mr. THORP. Not this particular group.

Senator WHERRY. But these petroleum products, as petroleum needs, might change considerably. He asked to hold up the program because he wanted to advise us Thursday of this week of the needs that might arise because of changing conditions. Have you given that any thought?

Mr. THORP. I do not think that would affect this 1 month's operation in the field of petroleum.

Senator WHERRY. You do not?

Mr. THORP. I do not think so.

Senator WHERRY. He has to have it held up because there was a shipment of steel to Saudi Arabia for one thing, which was to go out this month, and he has to hold it up because he wanted to revise his figures because of the petroleum needs for this month.

Now, why does it not affect some of these things? These commitments?

Mr. THORP. The petroleum, very largely, in these figures, is offshore petroleum. It is from the Middle East.

Senator WHERRY. Of course that would not make any difference. That is a need. It takes money to buy, whether you get it from there or from the United States. You are putting up the money; you are asking for dollars. I am just asking you if, in view of this statement, there is any change in the needs here, that are set up here, for which the appropriations are being justified?

Mr. THORP. I think that statement, if it should develop in those terms, eventually might change the needs in ERP.

Senator WHERRY. Thank you.

#### MONEY AVAILABLE FOR PURCHASE OF WHEAT THROUGH APRIL

Chairman BRIDGES. We had a report from Mr. Leroy Smith, of the Commodity Credit Corporation, that somebody in the State Department told him no later than this morning that you had the money necessary for all the purchases of wheat through April. Do you know anything about that?

Mr. DORT. That is a part of the \$62,000,000 that we now have available.

Chairman BRIDGES. That is all the wheat then. What is the \$55,000,000 for?

Mr. DORT. We have an April shipping program of \$117,000,000 for all these items. We are asking for \$55,000,000, which we would add to the \$62,000,000 that we have, and make this total program of shipments for April.

Chairman BRIDGES. How much of that is for wheat or grain?

Mr. DORT. \$41,000,000.

Chairman BRIDGES. So the reason that statement was made is because you have \$62,000,000; you assured him that you had \$41,000,000 necessary to purchase the wheat?

Mr. DORT. And we would give priority to wheat over the other items if we did not get the total funds that we need.

Chairman BRIDGES. Have you given any other verbal authorization to anybody besides Mr. Smith on wheat and grain?

Mr. DORT. We have made no commitments which go beyond the funds that we have now available; none whatever.

Senator CORDON. Mr. Chairman, I have one or two other questions I would like to ask to get this thing reasonably clear in my mind.

#### \$117,000,000 PROGRAM REPRESENTS SHIPMENTS FOR MONTH OF APRIL

I understood this morning that this represented shipments for the first 2 weeks in April. I understand this afternoon that the column under "Proposed program of shipments for April" represents shipments for the whole month of April. Now, which is right?

Mr. DORT. The whole month.

Mr. THORP. These are shipments for the month of April. The latest time that any procurement could be done in connection with it would be the middle of April. They are dollars that have to be available before April 15. In fact, if dollars become available on



April 15 that would not be soon enough. Even with this appropriation we would have to stop procurement on April 15, although shipments would continue through all of April.

Senator CORDON. If that be the case, and ERP funds are not available on the 15th day of April, your hiatus comes upon you anyway, unless you come back here for another supplemental. Is that correct?

Mr. THORP. That is correct.

Senator CORDON. Then you had better prepare for a hiatus, as far as I am concerned.

There are one or two others here, and I am right back at the hiatus again. You state that unless these funds are on the line, as of a certain date, this thing has got to stop; the wheels cannot go any further; no more procurement. If that be true, it must be true, because these nations have no American dollars whatever with which to tide themselves over and tide this program over. Are they in that condition?

#### SITUATION WITH RESPECT TO THE THREE COUNTRIES

Mr. THORP. There, of course, are other obligations which they have to meet. France is at a point of being at the bottom of her barrel. Austria is clearly without any funds. We are not too clear on the Italian picture except to know that it has deteriorated substantially in terms of dollars, since the time the program was initially set up.

Senator CORDON. If you are not clear with reference to it, who in the name of God is? Where can we get the facts?

Mr. THORP. I meant in terms of exact amounts of what funds Italy may have. But we did go into great detail as to the situation on December 1 at the time that this program was set up, and it is very clear that Italy has lost in her reserve position since then; that France is at a point where she is beginning to accumulate unpaid bills in terms of dollars; and Austria has no funds whatsoever available.

Senator CORDON. Yet we were told in ERP that this group of 16 nations have some \$14,000,000,000 invested in this country alone.

Senator FERGUSON. Mr. Thorp, how much of this aid is to go to Italy?

Mr. THORP. That is difficult to state for this reason: The shipments in April to all three countries would be \$117,000,000. We have in hand \$62,000,000. We need the other \$55,000,000.

Now, the \$62,000,000 which we have in hand could be sufficient to meet all the requirements of Italy, and all the requirements of Austria, if it were to be spent that way, and leave France, for instance, without these commodities at all.

#### SHIPMENTS TO STOP IF ITALY GOES COMMUNISTIC

Senator FERGUSON. Are you going to keep control of this produce or commodities so that if Italy does go communistic on the 18th of April that you will be in a position to stop the shipments into Italy?

Mr. THORP. We cannot stop anything, probably, that has gotten into Italy itself. We would be able to stop anything that was on the seas or still in this country.

Senator FERGUSON. Do you reserve title so that the United States Government has control of it until it reaches the dock?

Mr. DORT. We reserve the right to divert it, to retain the goods until unloaded.

Senator FERGUSON. So you would be in a position that any grain going across the ocean, after the time of the election, can be controlled by you. I understand Secretary Marshall has announced that if Italy goes communistic—and they might as well be told—there will not be any more ships dock. Is that correct?

Mr. DORT. That is correct.

Mr. THORP. That is correct.

Senator WHERRY. If you are going to do that with Italy why do you advocate doing business with the satellite countries? I cannot understand it. Here you tell Italy, "If you do not vote the democratic way we are going to cut you right off" and yet on the floor of the United States Senate Senator Lodge told me, in a reply to a question I asked, that one of the prime reasons for doing business up there was to trade with the satellite countries, even though they did business with Russia.

Why do you discriminate against Italy with that provision, and still advocate and encourage trade with the satellite countries? I cannot understand that.

Mr. THORP. Senator, I do not know that this time is the time to take up that whole problem. But let me point out at least one clear-cut distinction.

Senator WHERRY. Between the two?

Mr. THORP. Between the two. One is a matter of American assistance, American contributions, of gifts, if you will.

Senator WHERRY. That is what we are doing. We are giving gifts to the western countries to do business with the eastern countries to build them all up. We are not only going to build up western Europe, we are going to build up eastern Europe. That is what it is for.

#### PURCHASE OF MACHINERY BY POLAND

Senator FERGUSON. Is that the reason we gave the machinery to Poland?

Mr. THORP. Our purchases in Poland are to get coal from Poland.

Senator FERGUSON. But you are furnishing, through the Export-Import Bank, certain money to Poland to buy machinery, are you not?

Mr. THORP. There has been no loan made to Poland for many months.

Senator FERGUSON. They are using money, are they not? The Poles are using money that they borrowed from the Export-Import Bank to purchase machinery in this country, are they not?

Mr. THORP. I do not know whether that loan has been completely used. I thought it had been. The loan was made some time ago, many months ago.

Senator WHERRY. What was the other reason? You said there were two. One was the difference. I cannot see any difference. What was the second reason?

Mr. THORP. The only point I wanted to make was that there is a difference in a program like this where you are making gifts to a country, or extending credit, as against something where you are exchanging goods with a country.

I do not want to make that, however, as a complete answer.

Senator WHERRY. Mr. Chairman, I do not want to interfere with the program. I am sorry I interfered with Senator Cordon's questioning, because he has it in detail. But I want to ask if you expect to have a vote on this appropriation tonight.

Chairman BRIDGES. I do not know.

#### INVESTIGATION OF EXPORT LICENSING

Senator WHERRY. Is there an emergency to that effect? The reason I ask it is this: I would like to move, if it is in order—and I do not want to do it if it in any way interferes with the emergency, if there is an emergency in the situation—but I think before we appropriate this money this Appropriation Committee ought to appoint at least a subcommittee to go down to the State Department and the Department of Commerce and investigate this license proposition before we put another nickel in these programs. That is what I think about it.

I just think it is one of the biggest rackets that has ever been perpetrated on our own people here, and the governments over there. I think this appropriation should be held up, if it can be.

The Congress is authorized to investigate, this is their program and I do not want to be one that is trying to sabotage it; I am not doing it for that purpose at all, and if it is impractical and the emergency so great that you cannot hold it up, then I will not make the motion. But if it is in order I would either like to see the subcommittee that is a regular subcommittee—that is, I do not want to name the personnel; I suppose they should know, and I do not want in any way to reflect upon them—but the evidence has come to our Business Committee and the evidence that will surely come to the investigation that Senator Ferguson has started here along that line, which I feel will reveal these things. I think it ought to be cleared up and properly taken care of before we appropriate another dime.

Senator FERGUSON. I might say that we have started, in the Senate Investigating Committee, an over-all investigation. That will take considerable time.

Senator WHERRY. I would like to see at least the subcommittee get acquainted with the facts. You can start in with the evidence that is not even printed yet. But you can talk to the general counsel and the special counsel of the Small Business Committee, and you can start there. I believe if you would contact the Department of State, the Department of Commerce, you will find a lot of revealing things that ought to be clarified before these appropriations are made.

Senator HAYDEN. Are any of these shipments under an export license?

Mr. THORP. No, sir; these are direct, in that these are our funds, commodities through our Government, which go. We do not hand this out.

Senator FERGUSON. This is exempt from the March 1 order?

Mr. THORP. I do not know.

Senator WHERRY. You just told me some private people bought some of these goods. That is the reason I asked the question. You said the Government bought some, but some private people bought some of these goods. Then they have to have licenses.

Mr. DORT. The Italian government buys it from a private—

Senator WHERRY. Those are the very ones I am talking about.



Senator FERGUSON. You would have to have an export license on that.

Senator WHERRY. Certainly. That is the point. This does not cover the general picture, I agree. I am not even suggesting that. But I think that any part of it, any part of the goods that are procured here for, say, the Italian Government, through private agencies, ought to be investigated. We ought to know how the Department of Commerce is going to operate in the future; we ought to know something about how the needs are arrived at by the State Department, because, after all, improperly informed, the Department of Commerce depends upon you for these deficit balances, and you depend on what the participating countries advise you the needs are. Then you make up your judgment as to what they are to get.

I am telling you we need to have an investigation from the beginning clear down to the delivery covering the consignees to whom exports are shipped, and those who might get it who otherwise would not get it. Your black list should be prepared, as we had it in the last war.

I want you to believe me, I am not interested in holding up this appropriation 5 minutes, if this is an emergency in which you have to have the money; if it is only done constructively. There is no other thing in my mind. But I think that if we study that, I know I would feel better about making the appropriations.

If that is practical, I would like to make the motion. If it is impractical, I am not even going to make the motion, because I do not want to do anything here that will put a wrench in the machinery.

Mr. THORP. Senator, all I want to say in connection with this particular program is this: that this is really to permit a business-like joining of the previous program and ERP.

Senator WHERRY. That is right. But it involves purchases and it involves licenses and everything that goes on, even though ERP goes into effect. Is that not true?

Mr. THORP. It will.

Senator WHERRY. And the same system probably will continue.

Mr. THORP. But the kind of thing which you mentioned this morning, which, incidentally, I think you ought to add the Department of Justice to your agencies to work on it, as you described the facts.

Senator WHERRY. Yes; I certainly do.

Mr. THORP. I do not think that that kind of situation could have much bearing on this particular program. For instance, on these coal shipments the detailed documents have to come back to us, and that is quite different from what can happen through the private operation of foreign trade.

Senator WHERRY. What do you buy under these allocations? You buy grain. Of course the Government buys that right here and ships it. Is that right? There is no private interest that comes in there at all. What about flour? You buy flour from individuals?

Mr. DORT. The Government buys it, under this program.

Senator WHERRY. Do they?

Mr. DORT. Yes, sir.

Senator WHERRY. Does any country buy from any agency over here? That is, such as flour.

Mr. DORT. None of these three countries.

Senator WHERRY. They buy lard. Foreign countries buy lard in this country.

Mr. DORT. Not in this program.

Senator WHERRY. Is there any lard in this program?

Mr. DORT. Yes, sir; but it is the British and some of the others that buy, that are not in their particular program.

Senator WHERRY. That is right.

Mr. DORT. In this program we buy all the food. The Department of Agriculture does it.

Senator WHERRY. What do you rely upon? What do you buy through private concerns? Take Austria, for example.

#### PURCHASES FOR AUSTRIA MADE BY ARMY OR DEPARTMENT OF AGRICULTURE

Mr. DORT. In the case of Austria we do not buy any through private concerns. Either the Army or the Department of Agriculture buys.

Senator WHERRY. What about France?

#### PURCHASES MADE BY FRANCE THROUGH PRIVATE CONCERNS

Mr. DORT. France buys its own cotton through private concerns.

Senator WHERRY. There would be one—cotton.

Mr. DORT. It buys the petroleum through private concerns. And it buys its coal. The coal is bought by the French Government, but from private concerns here.

#### PURCHASES MADE BY ITALY THROUGH PRIVATE CONCERNS

Senator WHERRY. That is right. What about Italy?

Mr. DORT. Italy buys its coal and its petroleum through private concerns.

Senator WHERRY. What about—

Mr. DORT. That is all there is, sir.

#### VALUE OF PURCHASES MADE THROUGH PRIVATE CONCERNS

Senator WHERRY. It might be that what I am trying to reach is not enough of the appropriation to be worth holding up. What would you say, in millions of dollars, would be the amount involved in these things you acquire from private agencies? Of course the petroleum products are very scarce.

Mr. THORP. Petroleum is \$14,000,000. No, that is not correct, either. The greater part of the petroleum is offshore procurement and does not go through our export system at all, apart from Venezuela or the Middle East. So that the actual figure of United States petroleum is only \$3,000,000.

Senator WHERRY. I think inasmuch as Senator Ferguson is going on with the investigation on a broad scale, and the business committee is taking it up on our own, and that there is not so much private purchase as appeared to be indicated at first glance, I do not know that I will make the motion. In fact, I think I will not make it, because if the Government is going to buy most of this, the purpose of my motion would not be served.

## DEPARTMENTS OF STATE AND COMMERCE SHOULD LOOK INTO LICENSING RACKET

I do suggest to the State Department, and I do suggest to the Department of Commerce, that you certainly have got to get together down there, and you have to iron this thing out, because these other countries that make these purchases here are doing it through private agencies, and I will tell you that the license proposition on exports is just really becoming a racket.

## CUSTOMS DUTIES WAIVED

Senator DWORSHAK. Mr. Thorp, have these countries waived all customs duties on imports of food and other commodities?

Mr. THORP. We do not pay any customs duties on them. I can assure you of that.

Senator DWORSHAK. Those countries have waived them, have they?

Mr. THORP. They are imports by their governments. If they do it—

Senator DWORSHAK. They are not necessarily imports. They are exports by us as much as they are imports by them.

Mr. THORP. I meant from the point of view of having tariff to pay.

Senator DWORSHAK. Technically, if they are construed as being exports by us into that country, then they could collect tariff duties, I presume. On the other hand, if they were governmental imports, of course, they would waive them. I would like to know which is the case, whether any of these dollars are being used to pay tariff duties.

Mr. THORP. I think we had better check that to be sure. I do not see how the problem could arrive.

Mr. HALL. There are no dollars being paid. It would be a book-keeping transaction by the other government.

Senator DWORSHAK. That is what I wanted to know.

Senator CORDON. Mr. Chairman, I have one more item.

Chairman BRIDGES. Senator Cordon.

## NEED FOR BINDER TWINE IN FRANCE

Senator CORDON. Procurement initiated as of March 8, for France, there is one item that seems to me almost impossible of explanation: Binder twine, \$850,000. What would that be? If it had been red tape I could understand it.

Senator FERGUSON. That would not be enough money for red tape.

Senator O'MAHONEY. That comes free.

Mr. DORT. It is used for agricultural purposes, Senator.

Senator CORDON. Do they plant it?

Mr. DORT. It is under their agricultural program. It is used to bind sheaves of grain.

Senator CORDON. One more, and then I am through.

Chairman BRIDGES. \$850,000 would buy a lot of binder twine. You could bind all of Europe with it, I imagine.



DISPOSITION OF FUNDS RECEIVED BY BENEFICIARY GOVERNMENTS FROM  
SALE OF GOODS

Senator CORDON. When we passed the interim-aid bill, if I recall it correctly, we had some provisions in it with reference to our Government making agreements with the beneficiary governments with respect to those funds which should be received by the beneficiary governments from those to whom they sold the goods we sent over from here. My recollection is that the fund was in each instance to be held in trust, and agreement reached as to what should be done with those funds. Have we made any such agreements?

Mr. THORP. Yes, sir.

Senator CORDON. Where are they?

Mr. THORP. We have the agreements. We can place them in the record.

As far as the piling up of local currency is concerned, we had the provision in Public Law 84, which was the earlier relief act, and in that particular case the country had to put into the account what it received in the local sale. In that case I can report on the amounts that have been accumulated, and the purposes to which they have been put.

In that particular law the purposes were primarily philanthropic, work relief, and so forth, as specified in the act.

In Public Law 389 the requirements was that they would put an amount into deposit which was the equivalent of the American cost, and that has been somewhat slower in operation because of the necessity of finding out what the American cost was, but already under that act there are 7,300,000,000 French francs, for instance, in this particular deposit.

Senator CORDON. Is that on the new basis of exchange or the old?

Mr. THORP. In the agreement which we have with the French Government it is stated that—

the amount will be computed at the most favorable rate of exchange in terms of United States dollars authorized under the articles of agreement of the International Monetary Fund then applicable to imports of any commodity into France—

in that particular case. So that it would be related to the rate filed with the International Monetary Fund, the official rate for commodities.

Senator CORDON. 7,300,000,000 francs in the fund, according to your latest notice.

Mr. THORP. Yes, sir.

Senator CORDON. What does the agreement provide as to what is to be done with that money?

Mr. THORP. It is to be used—this is the wording of the agreement:

Funds will be used for administrative expenses of the Government of the United States of America incident to its operations under this agreement; remainder of the funds will be used for the effective retirement of the national debt, for irrevocable withdrawal of currency from circulation, or for such other purposes, including measures to promote the stabilization of currency as may hereafter be mutually agreed by the two Governments.

Senator CORDON. You mean that we are going to let them use that money to retire their own national debt?

Mr. THORP. We might agree to let them do that; yes; as a deflationary step.

Senator CORDON. Of course as to the extent that there must be an agreement, that is an agreement to agree, which is nothing but a pious wish. There is nothing that we can enforce there, is there?

Mr. THORP. No; but on the other hand it gives us a veto power with regard to their using the funds. They cannot use them if we do not agree. And of course, as long as the funds are just removed from circulation they serve a useful purpose of offsetting inflation.

Senator CORDON. I agree with that. I think it is the best thing that could happen, that they be permanently removed from circulation.

Senator WHERRY. Mr. Chairman, is there any reason why we might not have the agreement set out in the record, with France and the other countries?

Mr. HALL. We will provide them.

(The agreements are as follows:)

#### AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES AND THE GOVERNMENT OF AUSTRIA

"The Government of the United States of America and the Government of Austria,

"Considering the desire of the people of the United States of America to provide immediate assistance to the people of Austria, and

"Considering that the enactment of the Foreign Aid Act of 1947 by the United States of America (hereinafter referred to as the Act) provides the basis for such assistance to the people of Austria, have agreed as follows:

##### ARTICLE I

1. The Government of the United States of America will, subject to the provisions of the Act and of appropriation acts thereunder and of this Agreement, aid the people of Austria by making available such commodities (including storage, transportation, and shipping services related thereto) or by providing for the procurement thereof through credits under the control of the Government of the United States of America, to the Government of Austria or to any person, agency, or organization designated to act on behalf of the Government of Austria as may from time to time be requested by the Government of Austria and authorized by the Act and by the Government of the United States of America. This Agreement, however, implies no present or future obligation upon the Government of the United States of America to give assistance to the people of Austria, nor does it imply or guarantee the availability of any specific commodities or categories of commodities, nor shall it imply the payment by the Government of the United States of America for any storage, transportation, handling, or shipping services within Austria.

2. All commodities made available pursuant to this Agreement will be procured in the United States of America unless permitted to be procured elsewhere under the provisions of Section 4 of the Act and unless otherwise expressly agreed between the two Governments.

3. The Government of the United States of America retains the right of possession of any commodities made available pursuant to this Agreement, until, in the opinion of the United States High Commissioner for Austria or other designated official of the Government of the United States of America, such commodities should be released for distribution.

##### ARTICLE II

1. The Government of Austria, having been fully informed as to the provisions of the Act hereby affirms that it accepts and will perform the undertakings specified in Section 5 thereof, as well as those provided for in Section 7 of the Act insofar as action by it may be required for implementation of such latter Section.

2. The undertaking of the Government of Austria pursuant to paragraph 1 of this Article, to permit duly authorized representatives of the Government of the United States of America, including Congressional committees, to observe, advise and report on the distribution among the people of Austria of the com-

modities made available pursuant to this Agreement, and also to permit representatives of the press and radio of the United States of America to observe and report on the distribution and utilization of the commodities made available pursuant to this Agreement and on the utilization of the special account provided for in the Annex to this Agreement, shall not be applicable so long as the Government of the United States of America determines that commodities made available to the Government of Austria pursuant to this Agreement will be distributed under control systems embodied in the agreements between the United States High Commissioner for Austria and the other occupying authorities or the Government of Austria which assure compliance with the objectives of the occupation and with the purposes of the Act.

#### ARTICLE III

1. The Government of the United States of America, pursuant to the requirements of Section 6 of the Act, reserves the right at any time to terminate its aid provided for under Article I, paragraph 1, of this Agreement.

2. This Agreement, together with the Annex attached thereto, shall take effect to the date of its signature and shall apply to all commodities made available to the Government of Austria under the Act. It shall remain in effect until December 31, 1948, or such earlier date as may be agreed by the two Governments.

In witness whereof, the undersigned, being duly authorized by their respective Governments for that purpose, have affixed their respective signatures to this Agreement.

Done at Vienna, in the English and German languages, this 2nd day of January, 1948.

#### ANNEX

##### SECTION I

1. In the case of any commodity made available pursuant to this Agreement or in the case of credits established under the Act being debited pursuant thereto in respect of the furnishing of any such commodity, the Government of Austria will, forthwith upon notification by the Government of the United States of America, deposit in a special account in the Austrian National Bank in the name of the Government of Austria, an amount in Austrian currency equivalent to the dollar amount stated in the notification. The amount so stated will be either the dollar cost in respect of such commodity (including storage, transportation, and shipping services related thereto) which is indicated as chargeable to appropriations under the Act, or the amount of the debit, as the case may be. The amount deposited in Austrian currency will be computed at the most favorable rate of exchange in terms of United States dollars which is lawfully available in Austria to any legal personality and is then applicable to imports of any commodity into Austria.

2. The funds in such special account, or prior advances in agreed amounts, will be used for administrative expenses of the Government of the United States of America, in Austrian currency, incident to its operations within Austria under this Agreement. The remainder of such funds may be used for the following additional purposes:

(a) For effective retirement of the national debt of Austria or for irrevocable withdrawal of currency, from circulation, and,

(b) For such other purposes, including measures to promote the stabilization of Austrian currency, as may hereafter be mutually agreed by the two Governments.

Any unencumbered balance remaining in such account on June 30, 1948, will be disposed of within Austria for such purposes as may hereafter be agreed between the two Governments, it being understood that the agreement of the United States of America is subject to approval by act or joint resolution of the Congress.

4. The provisions of this Section shall remain in effect until superseded by a further agreement by the two Governments.

##### SECTION II

Any commodities made available under this Agreement by the Government of the United States of America, unless substantially altered from the form in



which furnished and substantially identical commodities within Austria from whatever source procured, will not be removed or permitted to be removed from the territory of the Government of Austria, unless it is agreed between the two Governments that such commodities are no longer needed in Austria or that the export of such commodities would yield a commensurate benefit, not inconsistent with the purposes of the Act as set forth in Section II thereof, to the economy of Austria, or unless otherwise expressly agreed between two Governments.

### SECTION III

The Government of Austria will furnish such statements and information relating to operations under this Agreement as may from time to time be requested by the Government of the United States of America."

## AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF FRANCE.

The Government of the United States of America and the Government of the French Republic, considering the desire of the people of the United States of America to provide immediate assistance to the people of France, and considering that the enactment by the United States of America of the Foreign Aid Act of 1947 (hereinafter referred to as the Act) provides the basis of assistance by the United States of America to the people of France, have agreed as follows:

### ARTICLE I.

1. The Government of the United States of America will, subject to the provisions of the Act and of appropriation acts thereunder and of this agreement, aid the people of France by making available such commodities (including storage, transportation, and shipping services related thereto) or by providing for the procurement thereof through credits under the control of the Government of the United States of America, to the Government of the French Republic or to any person, agency, or organization designated to act on behalf of the Government of the French Republic, as may from time to time be requested by the Government of the French Republic and authorized by the Act and by the Government of the United States of America. This agreement, however, implies no present or future obligation upon the Government of the United States of America to give assistance to the people of France, nor does it imply or guarantee the availability of any specific commodities or categories of commodities, nor shall it imply the payment by the Government of the United States of America for any storage, transportation, handling or shipping services within France.

2. All commodities made available pursuant to this agreement will be procured in the United States of America, unless permitted to be procured elsewhere under the provisions of Section 4 of the Act and unless otherwise expressly agreed between the two governments. Petroleum and petroleum products will, to the maximum extent practicable, be procured from sources outside the United States of America and will be transported to France by the most economical route from the source of supply.

### ARTICLE II.

The Government of the French Republic, having been fully informed as to the provisions of the Act, hereby affirms that it accepts and will perform the undertakings specified in Section 5 of the Act, as well as those provided for in Section 7 of the Act insofar as action by it may be required for implementation of such latter section.

### ARTICLE III.

1. The Government of the United States of America, pursuant to the requirements of Section 6 of the Act, reserves the right at any time to terminate its aid provided for under Article I, Paragraph 1, of this agreement.

2. This agreement, together with the annex attached thereto, shall take effect on the date of its signature and shall apply to all commodities made available to the Government of the French Republic under the Act. It shall remain in effect until December 31, 1948, or such earlier date as may be agreed by the two governments.

In witness thereof, the undersigned, being duly authorized by their respective governments for that purpose, have affixed their respective signatures to this agreement.

Done at Paris, in the English and French languages, this second day of January, 1948.

#### ANNEX

##### SECTION I.

1. In the case of any commodity made available pursuant to this agreement or in the case of credits established under the Act being debited pursuant thereto in respect to the furnishing of any such commodity, the Government of the French Republic will, forthwith upon notification by the Government of the United States of America, deposit in a special account in the Banque de France in the name of the Crédit National an amount in French currency equivalent to the dollar amount stated in the notification. The amount so stated will be either the dollar cost in respect of such commodity (including storage, transportation, and shipping services related thereto) which is indicated as chargeable to appropriations under the Act, or the amount of the debit, as the case may be. The amount deposited in French currency will be computed at the rate of exchange in terms of United States dollars authorized under the Articles of Agreement of the International Monetary Fund, then applicable to imports of such commodity into France.

2. The funds in such special account, or prior advances in agreed amounts, will be used for administrative expenses of the Government of the United States of America, in French currency, incident to its operations within France under this agreement. The remainder of such funds may be used for the following additional purposes: (A) for effective retirement of the national debt of France or for irrevocable withdrawal of currency from circulation, and (B) for such other purposes, including measures to promote the stabilization of French currency, as may hereafter be mutually agreed by the two governments.

3. Any unencumbered balance remaining in such account on June 30, 1948, will be disposed of within France for such purposes as may hereafter be agreed between the two governments, it being understood that the agreement of the United States of America is subject to approval by act or joint resolution of the Congress.

4. The provisions of this section shall remain in effect until superseded by a further agreement between the two governments.

##### SECTION II.

Any commodities made available under this agreement by the Government of the United States of America, unless substantially altered from the form in which furnished, and substantially identical commodities within France from whatever source procured, will not be removed or permitted to be removed from the territory of the Government of the French Republic, unless it is agreed between the two governments that such commodities are no longer needed in France or that the export of such commodities would yield a commensurate benefit, not inconsistent with purposes of the Act as set forth in Section 2 thereof, to the economy of France, or unless otherwise expressly agreed between the two governments.

##### SECTION III.

The Government of the French Republic will furnish such statements and information relating to operations under this agreement as may from time to time be requested by the Government of the United States of America.

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## AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND ITALY

The GOVERNMENT OF THE UNITED STATES OF AMERICA and the GOVERNMENT OF ITALY,

Considering the desire of the people of the United States of America to provide immediate assistance to the people of Italy, and

Considering that the enactment by the United States of America of the Foreign Aid Act of 1947 (hereinafter referred to as the Act) provides the basis of such assistance to the people of Italy, have agreed as follows:

## ARTICLE I

1. The Government of the United States of America will, subject to the provisions of the Act and of appropriation acts thereunder and of this Agreement, aid the people of Italy by making available such commodities (including storage, transportation, and shipping services related thereto) or by providing for the procurement thereof through credits under the control of the Government of the United States of America, to the Government of Italy or to any person, agency, or organization designated to act on behalf of the Government of Italy, as may from time to time be requested by the Government of Italy and authorized by the Act and by the Government of the United States of America. This Agreement, however, implies no present or future obligation upon the Government of the United States of America to give assistance to the people of Italy, nor does it imply or guarantee the availability of any specific commodities or categories of commodities, nor shall it imply the payment by the Government of the United States of America for any storage, transportation, handling, or shipping services within Italy.

2. All commodities made available pursuant to this Agreement will be procured in the United States of America, unless permitted to be procured elsewhere under the provisions of Section 4 of the Act and unless otherwise expressly agreed between the two Governments. Petroleum and petroleum products will, to the maximum extent practicable, be procured from sources outside of the United States of America and will be transported to Italy by the most economical route from the source of supply.

## ARTICLE II

The Government of Italy, having been fully informed as to the provisions of the Act, hereby affirms that it accepts and will perform the undertakings specified in Section 5 thereof, as well as those provided for in Section 7 of the Act insofar as action by it may be required for implementation of such latter Section.

## ARTICLE III

1. The Government of the United States of America, pursuant to the requirements of Section 6 of the Act, reserves the right at any time to terminate its aid provided under Article I, paragraph 1, of this Agreement.

2. This Agreement, together with the Annex attached thereto, shall take effect on the date of its signature and shall apply to all commodities made available to the Government of Italy under the Act. It shall remain in effect until December 31, 1948, or such earlier date as may be agreed by the two Governments.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Governments for that purpose, have affixed their respective signatures to this Agreement.

DONE at Rome, in duplicate, in the English and Italian languages, this Third day of January 1948.

## ANNEX

## SECTION I

1. In the case of any commodity made available pursuant to this Agreement or in the case of credits established under the Act being debited pursuant thereto in respect to the furnishing of any such commodity, the Government of Italy will, forthwith upon notification by the Government of the United States of America, deposit in a special account in the Bank of Italy in the name of the Government of Italy, an amount in Italian currency equivalent to the dollar amount stated in the notification. The amount so stated will be either the dollar cost in respect to such commodity (including storage, transportation, and shipping services related thereto) which is indicated as chargeable to appropriations under the Act, or the amount of the debit, as the case may be. The amount deposited in Italian currency will be computed at the most favorable rate of exchange in terms of United States dollars, authorized under the Articles of Agreement of the International Monetary Fund, then applicable to imports of any commodity into Italy.



2. The funds in such special account, or prior advances in agreed amounts, will be used for administrative expenses of the Government of the United States of America, in Italian currency, incident to its operations within Italy under this Agreement. The remainder of such funds may be used for the following additional purposes:

(a) for effective retirement of the national debt of Italy or for irrevocable withdrawal of currency from circulation, and

(b) for such other purposes, including measures to promote the stabilization of Italian currency, as may hereafter be mutually agreed by the two Governments.

2. Any unencumbered balance remaining in such account on June 30, 1948 will be disposed of within Italy for such purposes as may hereafter be agreed between the two Governments, it being understood that the agreement of the United States of America is subject to approval by Act or Joint Resolution of the Congress.

4. The provisions of this Section shall remain in effect until superseded by a further Agreement between the two Governments.

#### SECTION II

Any commodities made available under this Agreement by the Government of the United States of America, unless substantially altered from the form in which furnished, and substantially identical commodities within Italy from whatever source procured, will not be removed or permitted to be removed from the territory of the Government of Italy, unless it is agreed between the two Governments that such commodities are no longer needed in Italy or that the export of such commodities would yield a commensurate benefit, not inconsistent with the purposes of the Act as set forth in Section 2 thereof, to the economy of Italy, or unless otherwise expressly agreed between the two Governments.

#### SECTION III

The Government of Italy will furnish such statements and information relating to operations under this Agreement as may from time to time be requested by the Government of the United States of America.

#### PURCHASE OF CUBAN SUGAR BY COMMODITY CREDIT CORPORATION

Senator O'MAHONEY. Mr. Chairman, as to sugar, I would like to state for the record my understanding of the Commodity Credit Corporation.

When that Corporation was set up, the charter gave it the power to use its capital funds for the purchase and sale of agricultural commodities. Now, with respect to Cuban sugar, all through the war the Commodity Credit Corporation purchased Cuban sugar with its capital funds and then distributed that sugar in accordance with the over-all directions of the Government for the purposes of the war to supply Great Britain and supply the occupied areas and so forth.

Within the year these purchases of sugar by the Commodity Credit Corporation have been made, as I understand it—these current purchases—out of the capital funds, and therefore without specific appropriation; but on the complete authority of Congress.

Senator FERGUSON. Is that true to purchase commodities like sugar outside the continental United States?

Senator O'MAHONEY. The Cuban crop was bought in there for the purposes of the war, and since then——

Senator FERGUSON. Does the act itself provide the Commodity Credit can go abroad and buy the sugar?

Senator O'MAHONEY. Yes; it may go abroad.

Senator FERGUSON. But buy for what purposes?

Senator O'MAHONEY. Of course, Commodity Credit Corporation was originally established for the purpose of rehabilitating agriculture when it was originally established, and then as the purchases went on during the war, in order to carry on the war program of the United States.

Senator FERGUSON. But under the law, is this for the war?

Senator O'MAHONEY. No; under the Commodity Credit Act. But from time to time Congress extended the powers of the Commodity Credit Corporation.

Senator WHERRY. The point I think the Senator is asking about, and what I am interested in, and I am certainly interested in the Commodity Credit Corporation, is this: As to the 1,000,000 tons of sugar—

Senator O'MAHONEY. As to that, my understanding is that the Cuban crop this year is running about 6,000,000 tons. As you know, the Sugar Act establishes a quota upon Cuban sugar, about 2,900,000 tons.

Senator WHERRY. That we are to buy?

Senator O'MAHONEY. That is what is imported into the United States, so our beet industry will not suffer.

Now, even with this 1,000,000-ton purchase, of which we have recently heard, I think that the Cubans, with their 6,000,000-ton crop have a million tons which have not yet been disposed of.

Senator WHERRY. That is the point I was asking about. Does the Sugar Act provide the authority—

Senator O'MAHONEY. The Commodity Credit Corporation has that authority by its own charter.

Senator WHERRY. Does it have the authority in its own charter to buy a million tons of sugar?

Senator O'MAHONEY. Yes.

Senator WHERRY. I can see where renewing the Sugar Act requiring the purchase of sugar, how much—

Senator O'MAHONEY. I merely point out that there is a quota.

Senator WHERRY. We have given that authority from year to year and apparently extended it, have we not, to the Commodity Credit Corporation?

Senator O'MAHONEY. Yes; and sometimes we have made appropriations to supply the capital which has been exhausted.

Senator WHERRY. That is right. I knew that was true during the war.

Senator O'MAHONEY. The point of significance in this committee is that where the Commodity Credit Corporation makes purchases with capital funds it does so by a congressional act, and requires no specific appropriation. But where the State Department undertakes to purchase any commodity for relief programs it must have the appropriation with which to act, and the Commodity Credit Corporation, even though it has purchased agricultural commodities out of its capital fund for the Army, will require the Army to repurchase it from the Commodity Credit Corporation and when it purchases it for the State Department it requires the State Department to reimburse it.

And it is for that purpose, as I understand it, that the State Department is here asking this supplemental fund.

## CCC WHEAT PURCHASES

Senator WHERRY. Under what authority did Secretary Anderson have the right to use the Commodity Credit Corporation to buy wheat anticipating the needs of ERP?

Senator CORDON. May I say that that is in the hearings of last fall. I made those inquiries at that time and asked him to supplement the hearings with citations of the law.

Senator O'MAHONEY. Did they not cite the charter of the Commodity Credit Corporation?

Senator CORDON. That is right.

Senator FERGUSON. There is a difference between purchasing here in this country and in Cuba.

Senator O'MAHONEY. No; there is not, Senator. They have been buying that Cuban crop for years.

## SUGAR PURCHASES BY CCC

Senator FERGUSON. But as I understand it, this purchase was made to keep the price up.

I have a Journal of Commerce, New York, Wednesday, February 4, 1948:

United States sugar-Cuban sugar deal at impasse. Marshall asserts top offer of 3.5 for 1,000,000 tons rejected.

Then they go in and buy at 4. It is indicated—this is on January 21, from the Ambassador in Cuba:

The recent decline in the world market price of sugar to 3.6, or 3.8 cents per pound, f. o. b., for raw sugar, has led some producers to try to revise ways of artificially holding up the price.

In other words, they went into the market because the market was dropping, and instead of paying the 3.6 or the 3.8 or 3.5 that they had offered, they paid 4 and they say that they are purchasing it for the Army and for other foreign-aid programs, if needed.

Senator O'MAHONEY. I have no specific information about why this purchase was made and I do not want to speculate in my own mind what the markets are. But this I do know: That the purchases of sugar made by the Commodity Credit Corporation for the Army for use in the occupied areas is based upon the contention of the Army and the Commodity Credit Corporation and of all the experts they can get, that sugar has the best caloric value of any food and it supplies the caloric value in an easily transportable form.

The whole significance of the discussion at this time has to do with respect to why the State Department needs money to buy in advance of ERP.

Senator WHERRY. All of which has not been cleared up in my mind at all.

But forget that. I still do not understand, even though the Commodity Credit Corporation has a right to go out and buy. I certainly am going to check into that. I did not know that they could do this in Cuba. I think Congress ought to know a little bit about it.



## GRAIN PURCHASES BY CCC

But even though they have the authority to buy, the allocations for what the Army needed were set up in the appropriations. And in those allocations there was no provision for appropriations to go out and buy in grain what was bought in advance by the Commodity Credit Corporation even though they do have the authority to set the price. Is that not right, Senator?

Senator O'MAHONEY. No.

Senator WHERRY. I think so. I mean the allocations, the amount that is to be purchased by the Army.

Senator O'MAHONEY. Of course, this could easily be determined by asking the Agriculture Department about that. But my understanding of that situation was—and I am speaking only from recollection—that the Commodity Credit Corporation, having exercised its authority to use its capital funds, did have the grain on hand, and so, when the Secretary testified here, when the interim-aid bill was under consideration, he was telling us that the grain was on hand and could be used, had already been purchased. It may have been purchased for anticipated needs of the Army.

Senator WHERRY. Sure; what would they have done with the grain if they had not needed it for that purpose? What justification would there have been there?

Senator HAYDEN. My recollection is that Secretary Anderson said that there was a market in the United States for the grain.

Senator WHERRY. You do not mean to tell me that they would shoot the price of wheat to \$3 a bushel. No; that is not what they did it for. They did it to buy for this foreign-relief program. You do not mean to tell me now that they were using the authority under which the CCC was organized to go out and put the wheat up to \$3 and some cents a bushel.

Senator FERGUSON. Wait a minute; are you sure of that?

Senator WHERRY. I am not sure of anything.

Senator FERGUSON. What I know about this sugar deal, they did it for the purpose of putting sugar up.

Senator WHERRY. If that is the interpretation you want to leave here, that that is what they wanted to do it for, all right. Leave it in the record.

Mr. THORP. They could have worked it off with respect to the Army. There is no question about that.

Senator WHERRY. They could have. But the thing is, Senator O'Mahoney is the proper man at the right time. The facts are that when the Army comes in and says, "We want so much money for grain," we allocate the amount of money they want and when they made that allocation they did not make the allocation for this surplus money that they bought sugar with in Cuba and they did not buy it with the money that they intended to buy grain.

I agree with you as to Commodity Credit being used as the agency for these floors and all that. There is no question about that. There is no question in my mind either but what they bought this grain in advance of an anticipated use for ERP and that is what they purchased it for.

I do not think there is any question about it. I am not so sure but what they raised the price of sugar in Cuba for political reasons as

the Senator pointed out here, at the expense of prices in America. I do not think that was ever contemplated when we gave the Commodity Credit Corporation authority to establish floors to protect the sugar-beet men of this country.

Chairman BRIDGES. Senator Cordon, do you have any further questions?

Senator CORDON. No more.

Chairman BRIDGES. Senator Dworshak?

Senator DWORSHAK. No, sir.

Chairman BRIDGES. Senator O'Mahoney?

LETTER OF NOVEMBER 26, 1947, FROM SECRETARY ANDERSON TO CHAIRMAN BRIDGES

Senator O'MAHONEY. Mr. Chairman, I will not detain the committee, but I merely ask that there be inserted in the record at this point a letter from the Secretary of Agriculture, Mr. Clinton P. Anderson, addressed to the Honorable Styles Bridges, chairman of the Senate Appropriations Committee, and printed in the Congressional Record of November 26, at page 11030, which covers this fully.

Senator WHERRY. Is that where he says that the price of the wheat to the United States was \$3.58 a bushel?

Senator O'MAHONEY. He was not quoting you in this letter.

Chairman BRIDGES. Without objection it will be included.

(The letter referred to is as follows:)

DEPARTMENT OF AGRICULTURE,  
Washington.

HON. STYLES BRIDGES,

*Chairman, Senate Appropriations Committee, United States Senate.*

DEAR SENATOR BRIDGES: This letter is submitted in response to questions raised by your committee at the hearings held on November 24, 1947, as to the Commodity Credit Corporation's authority to acquire commodities for possible disposition to other Government agencies, in advance of appropriations to such other Government agencies for making the purchases, also as to the existing restrictions on Commodity Credit Corporation with respect to the prices at which it may sell commodities acquired by it.

The Corporation's authority to carry out its operations is contained in its charter, which is set forth in full in the Congressional Record, volume 79, page 1532, and volume 91, page 1967. This charter has been ratified by congressional enactments continuing the Corporation as an agency of the United States. Section 7 of the act of January 31, 1935, as amended (15 U. S. C. sec. 713). The charter powers of the Corporation, which include authority to engage in buying and selling operations with respect to agricultural commodities, and products thereof, are used in carrying out budget programs which are submitted to, and approved by, the Congress annually in accordance with the Government Corporation Control Act (Public Law 248, 79th Congress).

The Corporation is authorized to utilize all of its resources to carry out its budget program.<sup>1</sup> These resources consist of \$100,000,000 capitalization and an authorized borrowing power of \$4,750,000,000.<sup>2</sup>

One of the programs provided for in the budget<sup>3</sup> approved for the current fiscal year<sup>1</sup> is a supply program under which the purchases in question are made. Under the supply program, as described in the budget, the Corporation procures foods, agricultural commodities, and products thereof, for the purpose of supplying the requirements of United States Government agencies, foreign governments, American Red Cross, and similar relief organizations, and for the purpose of facilitating distribution, and meeting anticipated requirements during

<sup>1</sup> Title III of the Department of Agriculture Appropriation Act, 1948.

<sup>2</sup> See the act of March 8, 1938, as amended (15 U. S. C., 1940 ed., Supp. V, 713a-4).

<sup>3</sup> See budget estimates for the United States Department of Agriculture for the fiscal year ending June 30, 1948.



periods of short supply. The supply program, as authorized by the budget, enables the Corporation to acquire supplies during periods of peak production in order to have such supplies on hand to meet anticipated requirements. It also makes possible the centralized procurement of commodities in short supply and thus eliminates the inflationary effect of competitive buying by various foreign governments and Government agencies.

The Corporation's supply program is conducted, as explained in the budget, in accordance with procedures and policies which so far as possible protect the Corporation from loss. In this connection, the Corporation is required by section 4 of the act of July 16, 1943 (15 U. S. C., secs. 713a-9), to be fully reimbursed for costs incurred by it in supplying to other Government agencies commodities which it has acquired for that purpose.

In addition to the supply program, the budget approved by the Congress for the current fiscal year includes a price-support program under which commodities are acquired for the purpose of supporting prices, and a foreign-purchase program under which purchases are made abroad of commodities needed to meet emergent requirements—e. g., sugar and fats and oils.

With reference to the second question, a number of statutes have been enacted relating to the prices at which Commodity Credit Corporation can sell commodities. These statutes deal with two general situations. The first of these concerns the sale by Commodity Credit Corporation of commodities acquired by it to fill the needs of other agencies of the Government. These commodities are acquired by the Corporation under the supply and foreign-purchase programs referred to above. As we have already indicated, Commodity Credit Corporation is required by section 4 of the act of July 16, 1943 (57 Stat. 566), to obtain full reimbursement for its costs in supplying to other Government agencies commodities which it has acquired for such purpose. While this statute does not specifically cover procurement for foreign governments, Commodity Credit Corporation, in line with the policy which it indicated it intended to follow in the hearings in the Senate on Public Law 130, Eightieth Congress, continuing Commodity Credit Corporation as an agency of the United States, has required full reimbursement for commodities acquired by it for the purpose of supplying the needs of foreign governments. Accordingly, when Commodity Credit Corporation purchases commodities for the purpose of supplying the needs of other Government agencies or of foreign governments, either on requisition or in advance of orders by such Government agencies or foreign governments, it sells the commodity at a price which will fully reimburse it for its costs.

A different situation faces Commodity Credit Corporation in the sale of commodities which are not acquired by it for the purpose of meeting the needs of other Government agencies. These are, primarily, commodities acquired in the administration of its price-support program. The act of July 16, 1943, *supra*, does not apply to the sales of these commodities, since these commodities were acquired not to supply the needs of those agencies but to provide price support for farmers, and the statute in question clearly did not contemplate requiring other governmental agencies to pay prices considerably in excess of the price at which the commodities could be obtained on the open market.

Section 2 of the act of April 12, 1945 (59 Stat. 50), prohibits Commodity Credit Corporation from making sales of farm commodities owned or controlled by it at prices lower than the parity or comparable price therefor, except (1) sales for new or byproduct uses; (2) sales of peanuts for the extraction of oil; (3) sales for export; (4) sales for feed or seed; (5) sales of commodities which have substantially deteriorated in quality, or nonbasic perishable commodities, where there is danger of loss or waste through spoilage; or (6) sales for the purpose of establishing claims against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity. This statute is effective until January 1, 1949.

In making sales of commodities for export, Commodity Credit Corporation would not be required to charge a price for these commodities equal to the parity or comparable price because the sale would fall within the third exception noted above. It would, however, be subject to section 21 (c) of the Surplus Property Act of 1944 (58 Stat. 775), which authorizes the Commodity Credit Corporation to "dispose of or cause to be disposed of for cash or its equivalent in goods or for adequately secured credit, for export only, and at competitive world prices, any farm commodity or product thereof without regard to restrictions with respect to the disposal of commodities imposed upon it by any laws. \* \* \*" Accordingly,



while Commodity Credit Corporation, in making sales for export, is not required to sell the commodities acquired under its price-support program at prices equal to parity or the comparable price, or at prices which will fully reimburse it for its costs, yet it may not make sales of these commodities below the competitive world price therefor.

In addition to the statutory restrictions discussed above, there also obtains the general rule that dispositions of corporate property should be made at the best obtainable price, taking into account, of course, the Corporation's agricultural and other responsibilities as an agency of the United States.

If, as has been suggested by certain Members of Congress, it is desired that Commodity Credit Corporation make sales of surplus agricultural commodities at prices equivalent to the price of wheat of equal caloric value, irrespective of the competitive world price of such commodities, additional legislation would be required.

There is enclosed a draft of language which would permit Commodity Credit Corporation to make sales of commodities acquired under price-support programs at prices which may be fixed as low as the equivalent of the domestic price of a quantity of wheat having caloric value equal to that of the commodity being sold. This draft has been prepared in the form of a new section to S. 1774, the interim-aid bill. The State Department has indicated that it has no objection to this draft. The adoption of this amendment would mean that the Commodity Credit Corporation would suffer a substantial loss. The committee may wish to consider the advisability of reimbursing the Corporation for this loss out of the inter-aid funds.

Sincerely yours,

CLINTON P. ANDERSON,  
*Secretary.*

MR. THORP. I might say that we have talked a great deal with Commodity Credit on this problem, in trying to work out some way of getting through this period. If we could have gotten through this period we would not have bothered you people about it. It is because we feel it is the only prudent way to deal with this period of time that we do come in with this request.

QUESTION AS TO WHETHER ALL OF THE FUNDS WOULD BE REQUIRED SHOULD ERP BE PASSED BY APRIL 15, 1948

Chairman BRIDGES. Mr. Secretary, assuming for instance, you knew the European Recovery Act was passed by April 15, would your request be the same?

Mr. THORP. If it were to be passed by the 15th?

Chairman BRIDGES. Yes; the figure is for the full month of April. Question has been raised here as to whether or not you need this exact amount. Are you asking for it on the assumption that the European Recovery Act will not pass until the latter part of April, or on what basis are you asking the \$55,000,000 additional?

Mr. THORP. This \$55,000,000, in the normal procedure, would be money which would be put right to work; in fact, would be at work by the 1st of April. We can get along, if we can set up the April shipments, until the 15th of April. We ought to have funds on the 15th of April for May shipments. We can, however, I think, probably wangle it for an odd few days.

Chairman BRIDGES. The funds provided by the European Recovery Act would be funds for May and subsequent months, rather than anything to do with the month of April?

Mr. THORP. We could not possibly get those funds to work in time to help our shipments in April.

Chairman BRIDGES. So you are talking about this as strictly an April necessity?

Mr. THORP. That is right. But of course, these April estimates were in the basic figures for the European recovery program.

Senator WHERRY. Part of the \$5,300,000,000.

Mr. THORP. And for that reason can be deducted from that program.

CCC WILL NOT SHIP COMMODITIES UNLESS IT HAS BEEN PAID IN FULL

Senator O'MAHONEY. Is it not a fact that the Commodity Credit Corporation or the Department of Agriculture will not ship any commodities unless it has been paid in full before it surrenders it?

Mr. THORP. That is right.

Senator FERGUSON. In other words, your credit is not good.

Mr. THORP. Our credit is no good whatsoever. It will not bring the commodities to port even, let alone shipping, without our having funds.

Senator O'MAHONEY. I suggest if there is anybody in the Department of Agriculture or in the Department of State, making purchases of commodities without an appropriation of Congress, they might be liable to be haled up before a congressional investigating committee.

Mr. THORP. That goes for speculating too. I understand.

NECESSITY FOR FUNDS SHOULD ERP BECOME LAW BY APRIL 1 OR

APRIL 7, 1948

Senator WHERRY. Now that we have that cleared up, may I ask a question?

What if you get this ERP through by April 7, which is not at all unlikely; would that cut this \$55,000,000 right in two, in the middle?

Mr. THORP. No, sir.

Senator WHERRY. Why would it not?

Mr. THORP. I was putting it the other way around, that we need other funds.

Senator WHERRY. I know you were. That is the reason I put it this way around.

Mr. THORP. If the act is passed on April 7 it would not give us funds for some days after that time.

Senator WHERRY. What I am trying to find out is if the act is passed any time, a week or 10 days before April 15, why can you not reduce the amount by the time that you cut off?

Senator HAYDEN. Does the act include appropriations to carry out the act?

Senator WHERRY. Yes. ERP. It is \$1,000,000,000 that they can borrow from RFC immediately. And you said you could set it in action within a week.

Mr. DORT. Senator, there is one difference between operating under the present program and setting up the new machinery. Under the new ERP we have to establish new accounts and a whole new arrangement. This money would go into the old accounts and could be put to work much more quickly than the new ERP.

Senator O'MAHONEY. This is not, in any event, an additional appropriation over and above ERP?

Mr. DORT. No, sir.

Senator O'MAHONEY. This is to be deducted from ERP?

Mr. DORT. That is right.

Senator O'MAHONEY. In other words, you are just asking for an advance on the ERP appropriation.

Mr. DORT. That is right.

Senator WHERRY. That is in theory what it is, sure.

Mr. THORP. It can be that in practice.

Senator WHERRY. It can be, I agree with you.

Let me ask you one question. We were talking about dates. You say it cannot be done because you have to get the money. What if you passed ERP by April 1? Would you need this money at all?

I cannot understand your argument. Say it would be all set up and ready for operation by the first day of April. Would you need this at all?

Mr. THORP. No. I think we could get along on that basis.

Senator WHERRY. Now if you get it through by April 7, why would you need \$55,000,000? Why would you not need only \$25,000,000?

Mr. DORT. It is a commitment for a month's shipment.

Senator WHERRY. There is a difference between a commitment and actual cash.

Mr. THORP. The starting of the procurement, in other words, for a month.

Senator WHERRY. You can get the procurement without the money. You have already said that.

Mr. DORT. We contract for the coal, for example, for May, which would come out of our money we would have on April 15. But for April coal shipments you have to put up the money around the 1st of April at the latest.

Senator WHERRY. If you went through April 30, what would it cost you?

Mr. DORT. Then we would have to take the May allocations, and add those to the cost.

Mr. THORP. If it goes through that long there might well be other countries that would be a problem instead of just these three.

Mr. DORT. They make contracts largely on a monthly basis for coal and grain.

Senator WHERRY. I do not understand the difference there. April 1 would not require any. If you go to the 15th you need \$55,000,000. It seems to me if it is April 7, that half would be all you need. I cannot understand that.

Mr. THORP. The real point is that to get any shipments in April we have to start it certainly by April 1.

Senator WHERRY. All right. Now you run along to April 7 and ERP is passed. Why do you need \$55,000,000 to run to April 15, if you get it on April 7? I do not see any difference, cutting off the beginning of a month or the middle of a month, or wherever you cut it off.

Mr. THORP. It is because these items are almost all of them allocated items, and in a sense you buy them by the month, and if you do not get them within the month you lose that possibility of buying.

#### INTERNATIONAL ALLOCATIONS

Senator FERGUSON. You mean that there is a possibility that you cannot buy these from Commodity Credit?

Mr. THORP. I should have said export. We have allocations for export that go by the month, not the purchase.



Senator FERGUSON. That is shipping space?

Mr. THORP. No. These are the international allocations with respect to wheat, how much wheat can go to Italy, how much wheat can go to France.

Senator FERGUSON. You mean there is a regulation that you cannot send only a certain amount in, that there is an international organization that says how much can go in there?

Mr. THORP. That is right. It makes recommendations to this Government.

Senator FERGUSON. It is not binding, is it?

Mr. THORP. No, sir. But in general we endeavor to follow it. The International Emergency Food Council.

Chairman BRIDGES. Are there any other questions?

(No response.)

#### INTERIM AID APPROPRIATIONS

Chairman BRIDGES. Just so we get this picture clear before we conclude here, it is my understanding that you have now approximately \$62,000,000. If there were no further appropriations made, \$62,000,000 would be sufficient to cover Italy and Austria, but not France, or it could be divided among three.

Mr. THORP. That is right.

Chairman BRIDGES. In other words, Congress appropriated \$522,000,000. Of that, \$57,000,000 went to Austria. In the new appropriation if the new appropriation goes through, \$65,080,000 goes to Austria.

Mr. THORP. That is correct.

Chairman BRIDGES. There has been a change here so that Austria gets some 14 percent more than what they asked for, France about the same, and Italy some less.

Mr. THORP. Yes; except that all of them are getting a great deal less than they asked for. This is less than was requested at the time it was brought before Congress.

Senator WHERRY. What is the difference between the justification now and when the Congress appropriated it?

Mr. THORP. Primarily that we are adding the month of April.

Chairman BRIDGES. The figures that I have here, Mr. Secretary, are, you asked Congress for \$329,000,000 plus, for France, Congress appropriated \$284,000,000, you are now getting \$330,000,000 plus or approximately 100 percent.

Mr. THORP. That is right.

Chairman BRIDGES. You asked for \$211,000,000 plus for Italy and we gave you \$181,000,000 and Italy will still get \$181,000,000, or about 85.6 percent.

Austria, you asked for \$56,953,000; we gave you \$57,000,000; the new appropriation will amount to \$65,000,000 plus, or about 114 percent or a total of about 96.5 percent of the original program you asked for.

Mr. DORT. That is right.

Mr. THORP. That is right. It is short by \$20,000,000.

Mr. DORT. It includes a longer period of time.

Chairman BRIDGES. The point is, that the basis of this was something other than the Italian elections that needed the speeding of this program.

Mr. THORP. That is correct.

Chairman BRIDGES. Are there any other questions?

TWENTY MILLION DOLLARS FOR TRIESTE

Senator DWORSHAK. What is the \$20,000,000 being withheld from the authorization?

Mr. THORP. It is not being withheld. It was not necessary to make up this program so we are only asking for the additional \$55,000,000 rather than \$75,000,000.

Senator DWORSHAK. It is not being diverted to Trieste because that is in the House bill?

Mr. THORP. We had thought we might request \$20,000,000 for Trieste, but that has now been worked into the European recovery program legislation in such a way that it will probably not be necessary.

Mr. DORT. I think the House put a provision in the ERP legislation that would take the \$20,000,000 out of this act.

Mr. THORP. I did not realize that.

Chairman BRIDGES. We will set a meeting for tomorrow afternoon at 1:30 with the full committee to vote on this bill.

(Thereupon, at 5:50 p. m., the committee adjourned, to reconvene Thursday, March 25, 1948, at 1:30 p. m.)

x







## APPROPRIATIONS FOR FOREIGN AID, WELFARE OF INDIANS, AND TAX REFUNDS

MARCH 25 (legislative day, MARCH 15), 1948.—Ordered to be printed

Mr. BRIDGES, from the Committee on Appropriations, submitted the following

### REPORT

[To accompany H. J. Res. 355]

The Committee on Appropriations, to whom was referred the joint resolution (H. J. Res. 355) making appropriations for foreign aid, welfare of Indians, and refunding internal-revenue collections, reports the same to the Senate without amendment with the recommendation that the joint resolution be passed.

The estimates upon which the resolution is based are contained in House Document Nos. 502, 565, and 572.

#### FOREIGN AID

The committee approves the item of \$55,000,000 for aid to Austria, France, and Italy as authorized by Public Law 389, of the Eightieth Congress. The total authorization for this purpose is \$597,000,000 and of that amount \$522,000,000 was appropriated in the Third Supplemental Appropriation Act for 1948, approved December 23, 1947. This additional appropriation is needed to meet urgent requirements between the date when the appropriation of \$522,000,000 will have been exhausted and the date when funds will become available under the European recovery program bill. It is understood that the amount of \$55,000,000 herein appropriated will be offset by reduction in funds to be made available upon enactment of the European recovery program legislation.

#### REFUNDS OF INTERNAL REVENUE COLLECTIONS

The Congress appropriated \$1,231,000,000 for refunding internal-revenue collections in the fiscal year 1948. Of this amount, \$1,223,-239,000 had been disbursed or scheduled for payment by disbursing officers through March 17, 1948. Bureau officials advised the rate

## 2 APPROPRIATIONS FOR FOREIGN AID, INDIANS, AND TAX REFUNDS

of claims now being scheduled is approximately \$27,000,000 per day and that the \$500,000,000 provided in the joint resolution will be sufficient to meet expenditures until at least May 1. The committee therefore approves the amount of \$500,000,000 to meet the immediate needs of the department.

### WELFARE OF INDIANS

The committee approves the item of \$125,000 for "Welfare of Indians" contained in the resolution as passed the House. This item is covered by a Budget estimate, and the purpose of the appropriation is to provide urgent and needed relief for destitute Indians, particularly in North and South Dakota. The unusually severe weather conditions prevailing in certain sections of the country have resulted in unanticipated inroads on funds available for relief of needy Indians and this additional amount is urgently required at this time.





Calendar No. 1067

80TH CONGRESS  
2D SESSION

# H. J. RES. 355

[Report No. 1025]

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IN THE SENATE OF THE UNITED STATES

MARCH 23 (legislative day, MARCH 15), 1948

Read twice and referred to the Committee on Appropriations

MARCH 25 (legislative day, MARCH 15), 1948

Reported by Mr. BRIDGES, without amendment

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## JOINT RESOLUTION

Making appropriations for foreign aid, welfare of Indians, and  
refunding internal-revenue collections.

1        *Resolved by the Senate and House of Representatives*  
2   *of the United States of America in Congress assembled,*  
3   That the following sums are appropriated, out of any money  
4   in the Treasury not otherwise appropriated, to supply de-  
5   ficiencies in certain appropriations for the fiscal year ending  
6   June 30, 1948, and for other purposes, namely:

7        FUNDS APPROPRIATED TO THE PRESIDENT

8                                FOREIGN AID

9        Foreign aid: For an additional amount for "Foreign  
10   aid", \$55,000,000, to be applicable to Austria, France, and  
11   Italy: *Provided*, That, notwithstanding the provisions of

1 section 15 of the Foreign Aid Act of 1947 (Public Law  
2 389, Eightieth Congress), all funds appropriated for the  
3 purposes of such Act shall remain available for obligation  
4 for the procurement of commodities for a period of thirty  
5 days following the date of enactment of this Act.

6 DEPARTMENT OF THE INTERIOR

7 BUREAU OF INDIAN AFFAIRS

8 Welfare of Indians: For an additional amount for "Wel-  
9 fare of Indians", \$125,000.

10 TREASURY DEPARTMENT

11 BUREAU OF INTERNAL REVENUE

12 Refunding internal-revenue collections: For an addi-  
13 tional amount for "Refunding internal-revenue collections",  
14 \$500,000,000.

Passed the House of Representatives March 22, 1948.

Attest:

JOHN ANDREWS,

*Clerk.*





80TH CONGRESS  
2D SESSION

# H. J. RES. 355

[Report No. 1025]

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## JOINT RESOLUTION

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Making appropriations for foreign aid, welfare of Indians, and refunding internal-revenue collections.

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MARCH 23 (legislative day, MARCH 15), 1948

Read twice and referred to the Committee on  
Appropriations

MARCH 25 (legislative day, MARCH 15), 1948

Reported without amendment







# DIGEST OF CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
Division of Legislative Reports  
(For Department staff only)

Issued March 30, 1948  
For actions of March 29, 1948  
80th-2nd, No. 58

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HIGHLIGHTS: House debated foreign-aid bill. Rep. Anderson urged use of Sec. 32 funds and surplus agricultural commodities in foreign aid.

## HOUSE

1. FOREIGN AID. Continued debate on S. 2202, the omnibus foreign-aid bill (pp. 3715-55).
2. DEFICIENCY APPROPRIATION BILL. Chairman Taber of the Appropriations Committee announced that the Committee expects to report this bill today and obtained unanimous consent for it to be debated Wed. or as soon thereafter as it may be reached (p. 3755).
3. FOOT-AND-MOUTH DISEASE. Received an Ariz. Legislature memorial favoring construction of a fence between the U. S. and Mexico (p. 3758).
4. HOUSING. Passed as reported S. 2361, to continue the mortgage-insurance provisions of the National Housing Act for a month after Mar. 31, 1948 (p. 3714).

## SENATE

5. FOREIGN AID. S. 2393, as reported by the Foreign Relations Committee (see Digest 57), states that the bill is to aid China to relieve human suffering, to assist in retarding economic deterioration, and to afford the Chinese an opportunity to initiate self-help measures. In general, aid would be provided to China for these purposes in the same manner and to the same extent as assistance would be provided under those provisions of the ERP bill which are relevant to the purposes of the China-aid bill and to conditions in China. Authorizes appropriation of \$363,000,000, to remain available for 1 year following enactment of the bill, to be used in this manner. In addition, authorizes appropriation of



\$100,000,000, for the same period, to carry out the purposes of the bill without regard to the provisions of ERP. Authorizes RFC advances not exceeding \$50,000,000 pending appropriations.

Permission was granted for the Foreign Relations Committee to submit a revised report on this bill (p. 3682).

Consent was granted for this bill to be debated today (p. 3708).

6. EDUCATION. Continued debate on S. 472, the Federal-aid-to-education bill (pp. 3683-708). Debate on this bill is to be resumed when the China-aid bill has been disposed of.
7. HOUSING. Concurred in the House amendment to S. 2361 (see item 4 of this Digest). This bill will now be sent to the President. (p. 3708.)
8. APPROPRIATIONS; FOREIGN AID. Passed without amendment H.J.Res. 355, appropriating \$55 million additional for interim aid pending enactment of ERP (p. 3682). This measure will now be sent to the President.
9. TARIFF. Passed without amendment H.R. 4938, to provide dutiable status for platinum foxes, and platinum fox furs (p. 3682). This bill will now be sent to the President.  
Passed as reported H.R. 5328, to permit free entry of wood-waste for use as fire wood (p. 3682).
10. MINING LANDS. Passed without amendment H.R. 5049, to reopen the revested Oregon & California Railroad and reconveyed Coos Bay Wagon Road grant lands to exploration, location, entry, and disposition under the general mining laws (p. 3681). This bill will now be sent to the President.
11. HOUSING CENSUS. Passed without amendment S. 1950, to provide for a decennial census of housing (p. 3681).
12. CREDIT UNION. The Banking and Currency Committee reported without amendment S. 2225, to transfer administration of the Federal Credit Union Act to the Federal Security Agency (S.Rept. 1033) (p. 3674).
13. FOREIGN AID. Received an Ariz. Legislature memorial urging aid for China (p. 3672).
14. MEXICAN BORDER FENCE. Received an Ariz. Legislature memorial urging passage of S.J.Res. 46, authorizing appropriations for the construction, operation, and maintenance of a land boundary fence along the Mexican border (p. 3672).
15. FLOOD CONTROL; SOIL CONSERVATION. Sen. Overton, La., inserted resolutions of the National Rivers and Harbors Congress favoring appropriations for flood-control and water-pollution projects, for soil conservation work, and continued study of the Federal power policy (pp. 3673-4).
16. BILLS PASSED OVER included: S. 669, grain bonus (p. 3677); S. 866, to establish a national housing policy (p. 3677); S. 299, to extend the reclamation laws to Ark. (p. 3677); H.R. 3484, to transfer Remount Service to USDA (p. 3677); S.Con. Res. 6, to provide for consolidated appropriation bill (p. 3677); S. 430, to cover national farm-loan association and production-credit association employees under the Retirement Act (p. 3678); S.J.Res. 164, RACC loans to fur farmers (p. 3678); S. 1807, to continue certain export-import and allocations powers (p. 3678); S. 2142, to transfer Muscatine alcohol plant to USDA (p. 3678); S. 1989, to pay accumulated annual leave for certain transferred employees (p. 3681); S. 1322, Federal charter for CCC (p. 3681); H.R. 3538, to authorize USDA to make drainage investigations and reports (p. 3682); and S. 2173, to amend the Agriculture



Interior and Insular Affairs, with an amendment, on page 1, in line 6, after the word "appropriation", to insert "for the fiscal years 1948, 1949, 1950, and 1951."

The amendment was agreed to.

The PRESIDENT pro tempore. The Senator from South Dakota has amendments pending to this measure. However, if there are no further amendments to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the act of July 19, 1940, entitled "Boulder Canyon Project Adjustment Act" (54 Stat. 774), is amended by adding the following new paragraph to section 2:

"SEC. 2. (e) Annual appropriation for the fiscal years 1948, 1949, 1950, and 1951 for payment to the Boulder City School District, as reimbursement for the actual cost of instruction, during each school year, in the schools operated by said district, of pupils who are dependents of any employee or employees of the United States living in or in the immediate vicinity of Boulder City, such reimbursement not to exceed the sum of \$65 per semester per pupil and to be payable semiannually, after the term of instruction in each semester has been completed, under regulation to be prescribed by the Secretary."

Mr. GURNEY subsequently said: Mr. President, I ask unanimous consent to return to Calendar 1052, Senate bill 1985. As I understand it, the bill was passed.

The PRESIDENT pro tempore. The Senator is correct; the bill was passed.

Mr. GURNEY. I ask unanimous consent for reconsideration, and that my amendment—

The PRESIDENT pro tempore. The Senator from Nevada is not present. He has been sent for.

Mr. GURNEY. Mr. President, my amendment does not affect the interests of the Senator from Nevada. It includes other territories in the provisions of the act.

Mr. MILLIKIN. Mr. President, if the Senator will permit me to make an explanation, the Senator's amendments were considered in connection with Calendar 1052, Senate bill 1985, but it was thought that they took in so much territory that there ought to be a rather careful study made of the whole scope of the Senator's amendments to determine exactly what would be involved; whereas Senate bill 1985 is limited to something which can be quickly appraised. I can assure the Senator that his amendment will receive very careful and prompt attention by the appropriate subcommittee of the Committee on Interior and Insular Affairs. I make the further suggestion that it might be a little bit unfair to tie up this emergent matter at Boulder City, Nev., with the Senator's very comprehensive amendment.

Mr. GURNEY. Mr. President, with the explanation offered by the Senator from Colorado, I am perfectly willing to let my amendment go for the time being. I merely thought it had been offered in sufficient time to have been added to Senate bill 1985. I am very glad that the committee is considering the contents of my amendment.

The PRESIDENT pro tempore. The Senator from South Dakota withdraws his request for reconsideration. The clerk will state the next bill.

#### OREGON & CALIFORNIA RAILROAD AND COOS BAY WAGON ROAD GRANT LANDS

The bill (H. R. 5049) to reopen the revested Oregon & California Railroad and reconveyed Coos Bay Wagon Road grant lands to exploration, location, entry, and disposition under the general mining laws, was considered, ordered to a third reading, read the third time, and passed.

#### LEASING OF STATE LANDS FOR PRODUCTION OF OIL, GAS, AND OTHER HYDROCARBONS

The Senate proceeded to consider the bill (H. R. 4167) to authorize the States of Montana, North Dakota, South Dakota, and Washington to lease their State lands for the production of oil, gas, and other hydrocarbons for such terms of years and on such conditions as may be from time to time provided by the legislative assembly of the respective States, which had been reported from the Committee on Interior and Insular Affairs, with an amendment, on page 1, in line 6, after the word "amended", to strike out "by inserting before the last semicolon in such paragraph a comma and the following: 'except that leases for exploration for oil, gas, and other hydrocarbons and the extraction thereof may be for such terms of years, and on such conditions, as may be from time to time provided by the legislative assembly of the respective States.'" and insert "to read as follows: 'Except as otherwise provided herein, the said lands may be leased under such regulations as the legislature may prescribe. Leases for the production of minerals, including leases for exploration for oil, gas, and other hydrocarbons and the extraction thereof, shall be for such term of years and on such conditions as may be from time to time provided by the legislatures of the respective States; leases for grazing and agricultural purposes shall be for a term and longer than 10 years; and leases for development of hydroelectric power shall be for a term not longer than 50 years.'"

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An act to authorize the States of Montana, North Dakota, South Dakota, and Washington to lease their State lands for production of minerals, including leases for exploration for oil, gas, and other hydrocarbons and the extraction thereof, for such terms of years and on such conditions as may be from time to time provided by the legislatures of the respective States."

#### BILL PASSED OVER

The bill (S. 1989) to provide for the payment of certain Government employees for accumulated annual leave in

cases involving transfer to other Government agencies under different leave systems was announced as next in order.

Mr. OVERTON. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

#### SALE OF PUBLIC LANDS IN SAN JUAN COUNTY, UTAH

The bill (S. 2278) to authorize the sale of certain public lands in San Juan County, Utah, to the Southwest Indian Mission, Inc., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the Southwest Indian Mission, Inc., is hereby authorized for a period of 1 year from and after the effective date of this act to file with the Secretary of the Interior an application to purchase, and the Secretary of the Interior is hereby authorized and directed to issue a patent to it, for use by St. Christopher's Mission to the Navajo, for the following-described lands in San Juan County, Utah: The east half of the southeast quarter of the southeast quarter of section 20, the west half of the southwest quarter of the southwest quarter of section 21, lot 4 and the northwest quarter of the northwest quarter of section 28 and lots 1, 2, and 5 of section 29, township 40 south, range 22 east, Salt Lake meridian, containing one hundred and sixty-five and five-tenths acres.

Sec. 2. The patent shall not be issued until after payment has been made by the Southwest Indian Mission, Inc., to the Secretary of the Interior for the land at its reasonable appraised price of not less than \$1.25 per acre, to be determined by the Secretary in accordance with the provisions of the act of December 22, 1928 (45 Stat. 1069). The patent shall reserve to the United States all of the oil, gas, and all other mineral deposits in the land, together with the right to prospect for, mine, and remove the same under such regulations as the Secretary of the Interior may prescribe.

#### DECENNIAL CENSUS OF HOUSING

The bill (S. 1950) to provide for a decennial census of housing was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the Director of the Census is authorized and directed to take a census of housing in each State, the District of Columbia, Hawaii, Puerto Rico, the Virgin Islands, and Alaska, in the year 1950 and decennially thereafter in conjunction with, at the same time, and as a part of the population inquiry of the decennial census in order to provide information concerning the number, characteristics (including utilities and equipment), and geographical distribution of dwelling structures and dwelling units in the United States. The Director of the Census is authorized to collect such supplementary statistics (either in advance of or after the taking of such census) as are necessary to the completion thereof.

Sec. 2. All of the provisions, including penalties, of the act providing for the fifteenth and subsequent decennial censuses, approved June 18, 1929, as amended (U. S. C., title 13, ch. 4), shall apply to the taking of the census provided for in section 1 of this act.

#### BILLS PASSED OVER

The bill (S. 1322) to provide a Federal charter for the Commodity Credit Corporation was announced as next in order.

SEVERAL SENATORS. Over.

The PRESIDENT pro tempore. The bill will be passed over.



The bill (H. R. 3538) to authorize the Department of Agriculture to investigate and report on project for reclaiming lands by drainage was announced as next in order.

Mr. McFARLAND. Over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 2173) to amend the provisions of the Agricultural Adjustment Act relating to marketing agreements and orders was announced as next in order.

SEVERAL SENATORS. Over.

The PRESIDENT pro tempore. The bill will be passed over.

#### APPROPRIATIONS FOR FOREIGN AID, WELFARE OF INDIANS, AND REFUNDING INTERNAL-REVENUE COLLECTIONS

The joint resolution (H. J. Res. 355) making appropriations for foreign aid, welfare of Indians, and refunding internal-revenue collections was announced as next in order.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

Mr. TAFT. Mr. President, may we have an explanation?

Mr. BALL. Mr. President, the Senator from New Hampshire [Mr. BRIDGES] is not here at this time.

This is a supplemental appropriation measure. It carries \$500,000,000 for the Treasury Department, for tax refunds, which are necessary to be paid and should go through immediately.

There is a \$125,000 increase in welfare funds for Indians.

The other appropriation item is one of \$55,000,000 as an additional amount for aid under the interim-aid bill to Italy, France, and Austria. The State Department, in justifying it, said they were running out of funds. It did not appear that the European relief-program bill would go through in time, so they made program arrangements for the next few months. This \$55,000,000 appropriation will, in effect, apply to the long-range program, and the State Department's representatives said it would be deducted from the appropriations made under the long-range program.

I do not think there is any controversy in regard to this measure. It was unanimously reported by the committee.

The PRESIDENT pro tempore. Is there objection to the present consideration of the joint resolution?

There being no objection, the joint resolution (H. J. Res. 355) was considered, ordered to a third reading, read the third time, and passed.

#### AID TO CHINA

The bill (S. 2393) to promote the general welfare, national interest, and foreign policy of the United States by providing aid to China was announced as next in order.

The PRESIDENT pro tempore. This bill goes over. In this connection, without objection, the following order will be made: The Senate Committee on Foreign Relations will be permitted to have the report it filed on this bill reprinted, showing certain changes.

The next measure on the calendar will be stated.

#### ADMINISTRATIVE EXPENDITURES FOR VETERANS' ADMINISTRATION

The bill (H. R. 4478) to provide basic authority for certain administrative expenditures for the Veterans' Administration, and for other purposes, was announced as next in order.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

Mr. SALTONSTALL. Mr. President, I should like to ask the Senator from Colorado a question. In Massachusetts a great many objections have been raised to some of the acts of the Veterans' Administrator in closing certain so-called contact offices. My question is this: Are there going to be specific bills with relation to the opening of the contact offices, or does this bill apply to something else?

Mr. MILLIKIN. The bill applies to something else, I may say to the Senator. At the present time, by virtue of specific authorities in appropriation bills, the Veterans' Administration buys laundry service and furnishes tobacco. The point has been made that unless basic authority is given for incurring such expense, those items in appropriation bills might be subject to points of order. The purpose of the pending bill is to overcome that.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

#### VETERANS' ADMINISTRATION OFFICES IN THE PHILIPPINES

The bill (H. R. 4943) to extend the authority of the Administrator of Veterans' Affairs to establish and continue offices in the Territory of the Republic of the Philippines, was considered, ordered to a third reading, read the third time, and passed.

#### EXEMPTION OF HAWAII AND ALASKA FROM PROCUREMENT OF TRADE STATISTICS

The bill (H. R. 3229) to exempt Hawaii and Alaska from the requirements of the act of April 29, 1902, relating to the procurement of statistics of trade between the United States and its non-contiguous Territory was considered, ordered to a third reading, read the third time, and passed.

#### FREE IMPORTATION OF X-RAY FILM

The Senate proceeded to consider the bill (H. R. 4739) to amend paragraph 1629 of the Tariff Act of 1930 so as to provide for the free importation of exposed X-ray film which had been reported from the Committee on Finance, with amendments, on page 1, line 3, after the word "That", to insert "(a)", and on line 8, to insert a new paragraph, as follows:

(b) This act shall be effective as to merchandise entered for consumption, or withdrawn from warehouse for consumption, on and after the thirtieth day after the enactment of this act.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

#### AMEND TARIFF ACT IN RELATION TO CERTAIN FURS

The bill (H. R. 4938) to amend the Tariff Act of 1930 with reference to platinum foxes, and platinum fox furs, and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

#### AMENDMENT OF TARIFF ACT IN RELATION TO FIREWOOD

The Senate proceeded to consider the bill (H. R. 5328) to amend paragraph 1803 (2) of the Tariff Act of 1930, relating to firewood and other woods, which had been reported from the Committee on Finance, with amendments, on page 1, line 3, after the word "that", to insert "(a)"; on line 6, strike out "bark, sawdust, and other wood waste of the saw and planing mill, ground or crushed, and compressed", and insert "fuel made by compression from bark, sawdust, or other wood waste of the saw or planing mill"; and on page 2, after line 2, to insert a new paragraph, as follows:

(b) This act shall be effective as to merchandise entered for consumption, or withdrawn from warehouse for consumption, on and after the thirtieth day after the enactment of this act.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The PRESIDENT pro tempore. The call of the calendar is concluded. The unfinished business cannot be laid down until 2 o'clock, but it can be brought up by motion.

Mr. TAFT. I move that the unfinished business be taken up at this time.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Ohio.

The motion was agreed to.

#### FEDERAL AID TO EDUCATION

The Senate resumed the consideration of the bill (S. 472) to authorize the appropriation of funds to assist the States and Territories in financing a minimum foundation education program of public elementary and secondary schools, and in reducing the inequalities of educational opportunities through public elementary and secondary schools, for the general welfare, and for other purposes.

Mr. TAFT. Mr. President, I ask unanimous consent that the privileges of the floor be extended during the debate on the pending measure to Dr. Francis G. Cornell, formerly an expert assistant of the Committee on Labor and Public Welfare, who worked on the pending measure. Dr. Cornell has recently gone with the University of Chicago. He is willing to give his time to the committee.

The PRESIDENT pro tempore. Without objection, the order is made.

Mr. DONNELL and Mr. McKELLAR addressed the Chair.

The PRESIDENT pro tempore. The Senator from Missouri is recognized.

[PUBLIC LAW 470—80TH CONGRESS]

[CHAPTER 167—2D SESSION]

[H. J. Res. 355]

JOINT RESOLUTION

Making appropriations for foreign aid, welfare of Indians, and refunding internal-revenue collections.

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled*, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1948, and for other purposes, namely:

FUNDS APPROPRIATED TO THE PRESIDENT

FOREIGN AID

Foreign aid: For an additional amount for "Foreign aid", \$55,000,000, to be applicable to Austria, France, and Italy: *Provided*, That, notwithstanding the provisions of section 15 of the Foreign Aid Act of 1947 (Public Law 389, Eightieth Congress), all funds appropriated for the purposes of such Act shall remain available for obligation for the procurement of commodities for a period of thirty days following the date of enactment of this Act.

DEPARTMENT OF THE INTERIOR

BUREAU OF INDIAN AFFAIRS

Welfare of Indians: For an additional amount for "Welfare of Indians", \$125,000.

TREASURY DEPARTMENT

BUREAU OF INTERNAL REVENUE

Refunding internal-revenue collections: For an additional amount for "Refunding internal-revenue collections", \$500,000,000.

Approved March 31, 1948.













